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Organization of the  
United Nations



GLOBAL ENVIRONMENT FACILITY  
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## Mid-term Review of the FAO-GEF project

*‘Contribution of sustainable forest management to  
a low emission and resilient development in Serbia  
GCP/SRB/002/GFF’*



*(Photo credit - Dejan Stojanović )*

*23 April 2021*

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## Acknowledgements

The MTR was carried out with the invaluable assistance of staff from the FAO HQ and the FAO Regional Office for Europe and Central Asia offices, with support from the Project Management Unit. Their insight, knowledge, advice and comments made this MTR possible. The MTR team would like to thank all those who contributed to organising this MTR, led by Ms Andrea Berczi, Operations Specialist who acted as the MTR Manager based in FAO's Regional Office for Europe and Central Asia (FAO REU), and supported by Ms Geneviève Braun Programme Officer and MTR Focal Point in the FAO GEF-Coordination Unit.

The MTR team would particularly like to extend their gratitude for the support from the national Project Coordinator, Mr Predrag Jović, who helped arrange the interviews for the MTR, gave very freely of his time and endured lengthy interviews with good grace.

The MTR benefited from the inputs of many other stakeholders, including government officers, academic institutions, non-governmental organizations, and private-sector representatives and project beneficiaries. Their contributions were critical to the MTR team's work and are deeply appreciated and the MTR team would like to thank all the interviewees (listed in Annex 4) who gave their time to this review exercise.

The MTR team was comprised of three independent consultants: Dr Nigel Varty as lead consultant, who particularly covered issues relating to Component 3 (communication, M&E and lesson learning), biodiversity and climate change mitigation issues, project management and institutional arrangements; Dr Dejan Stojanović who took the lead on interviews and analysis for Component 1 (especially the methodology, National Forest Inventory and Integrated Information System); and Mr Stevo Sekulić who led on Component 2 (forest management planning and institutional capacity including training), although all three members of the team contributed to all parts of the MTR. In the context of Covid-19, the MTR was undertaken remotely without any field missions with all interviews undertaken over the phone or by Skype.

### **MTR team**

- Dr Nigel Varty, international consultant, Team Leader
- Dr Dejan Stojanović, national consultant, Team Member
- Mr Stevo Sekulić, national consultant, Team Member

### **MTR Manager (Budapest)**

- Ms Andrea Berczi

### **FAO GEF Coordination Unit staff (Rome)**

- Ms. Geneviève Braun, Programme Officer, MTR Focal Point

## **Acronyms and abbreviations**

BD	Biodiversity
BH	Budget holder
CCA	Climate Change Adaptation
CCM	Climate Change Mitigation
CCS	(National) Climate Change Strategy
CO	Country Office
DF	Directorate of Forests
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDP	Forest Development Plan
FDS	Forest Development Strategy
FLO	Funding Liaison officer
FMP	Forest Management Plan
FMU	Forest Management Unit
FPMIS	Field Project Management Information System
GEF	Global Environment Facility
GHG	Greenhouse gas(es)
HQ	Headquarters
IFIS	Integrated Forest Information System
LTO	Lead technical officer
MAFW	Ministry for Agriculture, Forestry and Water Management
MEP	Ministry of Environmental Protection
MRV	Monitoring, Reporting and Verification
MTR	Mid-term review
NCI	Nature Conservation Institute
NFI	National Forest Inventory
NPC	National Project Coordinator
PE	Public Enterprise
PFO	Private Forest Owner
PFOA	Private Forest Owners Association
PIR	Project Implementation Report
PMU	Project Management Unit
PTF	Project Task Force
REU	Regional Office for Europe and Central Asia
RM	(MTR) Review Manager
SEPA	State Environmental Protection Agency
SFM	Sustainable Forest Management
SC	(project) Steering Committee
ToC	Theory of Change
ToR	Terms of Reference
UNFCCC	United Nations Framework Convention on Climate Change

## Executive Summary

1. This report presents the findings, conclusions and recommendations of the independent Mid-term Review (MTR) of the '*Contribution of sustainable forest management to a low emission and resilient development in Serbia (GCP/SRB/002/GFF)*' (known hereafter as 'the project').
2. The MTR was conducted over the period November to December 2020 by three independent consultants, two from the Republic of Serbia (National Experts) and one from the United Kingdom (Team Leader), with support from the staff of the project's Project Management Unit (Belgrade), FAO Regional Office for Europe and Central Asia (Budapest), and FAO's GEF Coordination Unit (Rome). The MTR focuses on the inception and implementation periods of the project from February 2018 to the end of December 2020, but also includes a less intensive review of the project's design phase (2016-2017).

## Introduction

3. The project's objective is '*to promote multifunctional sustainable forest management to conserve biodiversity, enhance and conserve carbon stocks and secure forest ecosystem services in productive forest landscapes*' and comprises of three components: (1) Enabling environment for multifunctional sustainable forest management; (2) Multifunctional forest management; and (3) Monitoring, Evaluation and dissemination of lessons learned. The project targets 2 forest 'administrative regions' - West Serbia and Vojvodina – and a number of small (2000-5000 ha) Forest Management Unit (FMUs) within these forest regions.
4. The project is a full-sized 4-year GEF-6 project with US\$ 3,274,658 of GEF funding (11.1 % of the total financing), split across three GEF-6 Focal Areas: Biodiversity (BD) – US\$ 654,932; Sustainable Forest Management (SFM) – US\$ 1,091,552; and by far the largest contribution from the Climate Change Mitigation (CCM) focal area – US\$ 1,528,174. Co-financing amounts to US\$ 26,180,141 (89.9% of total financing), out of which 61 % is classified as 'cash', provided by the Ministry for Agriculture, Forestry and Water Management (MAFWM), Forestry institutes, National Park Administrations, Public Forest Enterprises, the Forest Chamber, as well as FAO. The combined project financing amounts to US\$ 29,454,799.
5. The project began on 19 February 2018, and its official end date is 31 December 2021. The project is managed by FAO REU and a team based at UN House in Belgrade as there is no FAO Representation in Serbia, with support from the FAO-GEF Coordination Unit in Rome, , mostly from the Funding Liaison Officer (FLO). The national project executing partner is the MAFWM – Directorate of Forests (DF), and there are several partner institutions, including two Public Enterprises (PE) - Vojvodinasume and Srbijasume – under the Public Forest Service, the Nature Conservation Institutes (NCI), Forest Institutes (in both Belgrade and Novi Sad) and the Chamber of Forest Engineers (a body representing professional foresters, also located in Belgrade), as well as several Protected Area authorities.
6. The MTR aimed to assess the relevance, effectiveness, efficiency, and risks to the sustainability of the project results and factors that have affected its performance and delivery to date, as well as cross-cutting issues (including gender and Environmental and Social Safeguards).
7. The following key review questions (RQ, summarised) guided the work of the MTR:
  - **RQ1** – How and to what extent are the project's objectives and its intended outcomes consistent with national priorities, GEF strategic programmes and FAO strategic objectives and operational programmes? What is the current level of ownership of the project and its results by the project partners and the target beneficiary groups?

- **RQ2** – To what extent has the project delivered on its expected outputs, outcomes and objectives, in terms of their quality, quantity and timeliness?
  - **RQ3** – How efficient has the project been in its implementation and delivery of results to date?
  - **RQ4** - What is the likelihood of project results and benefits being sustained after the project ends and what are the key risks to the sustainability of the project results and progress towards longer-term impacts?
  - **RQ5** – What have been the main factors affecting the project's implementation to date?
  - **RQ6** - To what extent has gender equality and other equity concerns been taken in account in the design and implementation of the project?
8. To address the above questions, the MTR team undertook a review of background project documentation and associated literature and carried out semi-structured Skype or phone interviews with key stakeholders (in Serbian for the non-English speakers), guided by questions from a questionnaire. Unfortunately, due to Covid-19 restrictions, the MTR was not able to hold face-to-face meetings or visit the project's field sites and the international consultant could not travel to Serbia, so the entire MTR was conducted remotely.

## **Key findings**

### **RQ1- Relevance**

9. The project has high relevance at the national level, it is in line with national forestry policy priorities, help meets some of the objectives in the draft (2019) National Climate Change Strategy and meets key priorities of the DF to update the National Forest Inventory (NFI) and develop an integrated forest information system (IFIS). It also aligns well with FAO strategic objectives for the country and region as well as GEF Focal Area objectives. In terms of ownership, however, the project is largely 'owned' by the Directorate of Forests with little sense of ownership among the other project partners, and it has very little engagement with private forest owners or users.

### **RQ2 - Effectiveness – project outputs**

#### *Component 1 - Enabling environment for multifunctional sustainable forest management*

10. The methodology for the new NFI has been expanded and improved with new information collected on BD aspects but the BD information other than trees is limited to largely easy to identify flora and a selection of invasive plant species. Values for CCM are likely to be underestimates because of only partial assessment of below-ground carbon stocks. Collection of NFI field data should be completed by the end of the 2021 field season (likely to be late November), although it should be noted that this is the official end date of the project. The new NFI represents a significant achievement and an important step forward for improving the sustainable management of Serbia's forests, and those involved should be applauded. However, in line with usual practice for collection of large data sets from the field (and the NFI methodology) the quality of the data still needs an independent quality check.
11. The proposed IFIS is based on the upgrade of an existing IT software (OSNOVA) with additional specialised modules to be developed by the project. Unfortunately, delays mean it is approximately one year behind schedule. The purchase of the core software was not covered as co-financing by the MAFWM-DF but to be bought from the GEF funds as it was not envisaged in the original project design that an existing 'off-the-shelf' IT software would be purchased<sup>1</sup>. There has been relatively little involvement of non-forestry partners in the development of the IFIS (notably an absence on the IFIS WG, to better ensure full data compatibility and exchange) with whom data (e.g. BD, climate change

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<sup>1</sup> One reviewer commented that 'the Directorate does not have funds at its disposal for buying new IT hard- or software, and the forest fund budget which is at the disposal of the Directorate for co-financing project activities, does not allow purchase of IT hard/software either'.



and socio-economic data) would be exchanged, although agreements on data exchange have been negotiated by the project with relevant institutions<sup>2</sup>.

12. The project has produced a good review of the current MRV framework for Serbia with suggestions for strengthening this. However, the recommendations from the report have not been followed up and there has been no integration, as yet, into project work to strengthen the forest development strategy, programme and legislation.
13. The national-level multi-sectoral coordination platform for multifunctional SFM proposed in the Project Document has not been established and the MTR understands that there is little political interest from the DF to do so. Only one Working Group (WG) out of the four identified at the project design stage has been set up, while three 'project teams' covering BD/methodology, NFI and forest management planning have taken on the function of these WGs. As a result, there has been less independent external technical advice available to the project than anticipated.
14. To date, there has been little capacity building of forest managers/engineers on the updated framework for forest management planning proposed by the project, but training is expected to increase in spring 2021 (depending on Covid-19 restrictions). However, the project has produced 20 sets of useful Guidelines covering forest management for all major forest types in Serbia which represent a valuable capacity building deliverable. These focus on sustainable forestry but currently provide limited guidance on active management to deliver BD conservation priorities and have very little practical advice on management for CCM.

#### *Component 2 - Multifunctional forest management*

15. Brief BD assessments of the two target regions have been conducted although these are based on previously published, relatively old, data and are considered incomplete. The impact of land uses on biodiversity has not been assessed (or needs to be part of the project in the MTR's opinion).
16. No regional Forest Development Plans (FDPs) have yet been developed as other project results need to be delivered first (notably the NFI results). Similarly, no Forest Management Plans (FMPs) have been developed although sites for 6 FMPs have been identified (all on state-owned land, two within protected areas) and field surveys to develop these are due to start in spring 2021. Locations for 16 plots to demonstrate SFM practices have also been selected, but again, have yet to be set up.
17. The project has delivered a helpful review on the use and socio-economic value of Serbia's forests, but the project has not produced a detailed proposal for the development of targeted incentives to encourage sustainable use of the forests by local communities and owners. Nor has it produced a budgeted proposal for an independent forest extension service, although there is little political interest in setting up such a body, and in the MTR's opinion this would be best addressed through a separate follow-up project.

#### *Component 3 - Monitoring, Evaluation and dissemination of lessons learned*

18. The project's M&E system has been established and reporting has been regular and satisfactory. However, the project's communications activities, such as the dissemination of key messages and results and capturing of lessons learned have been poor and need to be improved.

### **RQ2 – Effectiveness - Progress towards Outcomes**

#### *Outcome 1.1 Improved decision-making in management of productive forest landscapes*

19. The project's efforts to improve information (NFI, Output 1.1.3), guidance (Guidelines, Output 1.1.6) and tools (IFIS, Output 1.1.2) together with targeted capacity building (through training Output 1.2.1)

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<sup>2</sup> One reviewer noted that 'the stakeholder consultations when designing the project, BD institutions publicly expressed their willingness to support IFIS by giving free of charge all DBs and maps and BD institutions are part of the SC to raise any issue in this respect. With the most relevant institutions a contract has been established by Directorate with support of the project which allowed for the first time in Serbia the free-of-charge use of all geo-spatial data between the contract partners'.

should help to strengthen decision-making but these have all still to be fully delivered and their products incorporated into forest management decision-making and planning frameworks and tested in the field through the FDPs and FMPs.

*Outcome 1.2 Institutional capacities strengthened for multi-functional forest management*

20. The project is helping to build both individual and institutional capacity through improving information (through the NFI surveys and Nature Value Assessments) and increasing its accessibility (through the IFIS) and improving tools (such as through expanded field methodologies, Output 1.1.1), combined with targeted training workshops and the establishment of 16 forest plots to demonstrate different SFM approaches. All these should help to improve the knowledge and technical skills of forest engineers and other key stakeholder groups. These should strengthen planning for SFM at both regional (through FDPs) and forest management unit (through FMPs) levels. To date, the state forestry sector has benefited most from the project's capacity building efforts with little effort directed at the commercial forestry sector or private forest owners and users.

*Outcome 2.1 Increased forest area under sustainable and multi-functional forest management*

21. To date there has been no increase in the area of forest under sustainable, multifunctional forest management and no GHG emissions have yet been avoided through the project, as the FDPs and FMPs have yet to be delivered, adopted and implemented, but this is not unexpected at the MTR point.

**RQ2 – Effectiveness - progress towards achieving project objective**

22. There has been little promotion or adoption of multi-functional SFM to date due to delays and slow project progress. However, most results are expected in the final year of the project. The view of the project as a state-sector forestry management project limits promotion of a wider multifunctional SFM approach that also address broader socio-economic values of Serbia's forests, especially as local communities and private forest owners and users have not been significantly involved in the project to date.

**RQ3 - Efficiency**

23. Efficiency of the delivery of project results has been mixed. On the one hand, the project has built on previous projects and programmes, e.g. updating and expanding the previous NFI framework and existing forest management IT system. On the other hand, the project began slowly and has suffered several significant delays, including over procurement and, since February 2020, due to the Covid-19 pandemic. Consequently, the project is an estimated 12 months behind schedule.

**RQ4 - Sustainability of project results**

24. There are several potential risks to the sustainability of project results including: institutional risks, such as doubt over the future home for the NFI database and IFIS (there are several options including the Institute of Forestry (Belgrade), Institute of Lowland Forestry and Environment (Novi Sad) and the Directorate of Forests (Belgrade)), and insufficient capacity to scale up Forest Development Plans (FDPs) and Forest Management Plans (FMPs)<sup>3</sup>; legal risks, including the need for specific regulations/bylaws for implementation of the updated FDPs and FMPs; and financial risks such as long-term funding for the maintenance of the IFIS<sup>4</sup>, the roll out of the FDPs and FMPs across Serbia and how

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<sup>3</sup> One reviewer commented that (translated from Serbia using Google Translate): 'it is necessary to emphasize the need that the public companies associated with the project test the methodology (6 selected management units) to be involved in the development of the methodology (in the early stages of methodology development) that will be applied, as well as to ensure that public companies give an assessment of the methodology', and similarly with the FDPs that 'It is extremely important that (the) two public companies be involved in the creation of the methodology for the development of development plans, as well as to be the bearers of the development of development plans.'

<sup>4</sup> Law on Forests stipulates that the Ministry of AFWM is in charge for foundation and maintenance of IFIS. Directorate of Forests, as organizational part of the Ministry in charge for forests, is herewith authorized to host NFI database and IFIS. This also includes allocation of budget needed for this purposes. There was no case that any of legal obligations was not financed in State budget. In addition, Law on Electronic Administration prescribes data safety measures that all administration should perform, and that will also be applied to IFIS establishment and maintenance.'

to cover costs of management for BD conservation and CCM once the GEF project finishes given the DF's low budget. It is expected that the Final Evaluation will examine these issues in detail.

## **RQ5 - Factors affecting performance**

### *Design and readiness*

25. The project was developed by a relatively small technically experienced group of national consultants led by an experienced internal GEF project design consultant but there was relatively little direct input from some key groups during the design process, including the Private Forest Owners (PFOs)/Private Forest Owner Associations (PFOAs), the commercial forestry sector or the NGO community. Many project elements are very dependent on the delivery of others first (Component 2 is particularly dependent on delivery of Component 1 results), which is a weakness in project design. The lack of detail on how to implement outputs at the activity level in the Project Document and variable capacity among project partners to implement the project impeded the 'readiness' of the project to start.

### *Project management and execution*

26. There is a good capable extended project management team comprising the PMU (full-time Project Coordinator, and part-time assistant) supported by FAO staff in Budapest (Operations Specialist and Budget Holder, and Lead Technical Officer) and Rome (the Funding Liaison Officer). Overall, management of the project has been competent but some members of the team were not very familiar with GEF and/or FAO procedures, which introduced delays early on in project implementation, and the team lacked someone with a technical IT background. Risks to project delivery are monitored and mitigated where possible. Attempts have been made to work around problems caused by the Covid-19 pandemic, but delays to project delivery in 2020 have been unavoidable, and the pandemic is also expected to impact activities planned for 2021, with possible delays to field surveys'.

### *Project implementation and oversight*

27. Support from FAO was generally good, especially from the FAO REU office on administrative and operational issues as well as technical issues (from the LTO). The lack of FAO Representative (no country office, no Representative) in Serbia has handicapped project implementation and meant that there was limited 'soft support' provided through senior FAO staff (the Senior Programme Officer who acted as the BH). Project oversight primarily rests with the project's Steering Committee which has met twice up to December 2020, but it is not considered an effective discussion or decision-making body, partly because of its limited membership which needs to be expanded with wider cross-sectoral representation.

### *Financial management and co-financing*

28. There have been no significant issues with the project's financial management and the GEF budget is considered sufficient to deliver the project activities. However, several of the co-financiers have not been significantly involved in the project so their co-financing contributions are questionable and the largest source co-financing - the Directorate of Forest's 'Forest Fund' - funds some activities that are not considered by the MTR to be directly relevant to, or required for, delivery of the GEF project, e.g. forest road maintenance<sup>5</sup>. Also, the Forest Fund applies to the whole of Serbia, but the project is focused on just two regions – West Serbia and Vojvodina, so it would seem reasonable if only a proportion of the Forest Fund was allocated as co-financing.

### *Partnerships and stakeholder relationships*

29. The main groups involved in the project to date are state-sector forestry institutions, principally the DF (as the project executing partner) and the two Public Enterprises (PE), along with national and international consultants. Key stakeholder groups that have been little involved so far are the PFOs and PFOAs, in part due to the difficulty of selecting representatives (from an estimated 800,000-

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<sup>5</sup> One reviewer commented that 'significant funds from the DF's budget are allocated every year for ICP forest and IDP (Reporting, Diagnosis and Prognosis of appearance of forest pests and diseases), in order to preserve forests and biodiversity'. The MTR also notes that for individual owners Forest Fund resources are available for afforestation, and for state forests there is a wide range of subsidies (seed stands, nursery production, reforestation, silviculture, forest protection and roads and for various projects to improve forestry and hunting).

900,000 individuals). Also, the commercial forestry sector and environmental NGOs are not involved in project, which is surprising given the objective and scope of the project.

*Communications, awareness-raising and knowledge management*

30. The project has invested little time and resources into communication and outreach activities so far, and no communications and knowledge management strategy has been developed. As a result, the project is poorly known beyond those directly involved, and it has a low profile in Government and among some project partners. Project materials produced to date are viewed as technical, and no outreach or promotional material has been developed for the wider group of project stakeholders or the general public. For example, even by December 2020, the project had no social media presence, newsletter, and lacked a project website. Within the project there is also poor communication between teams and individuals which has created 'silos' to some extent.

*M&E design and implementation*

31. The project follows the standard FAO-GEF M&E framework. However, there are weaknesses in the design of the indicators to measure progress (several are not SMART). Indicators were chosen/designed through a 'top-down' approach with little input or review by national experts and the indicator set needs to be strengthened. In line with current GEF M&E policy, GEF-7 core indicators also need to be retrofitted to the project.

**RQ6 - Cross-cutting dimensions (gender and ESS)**

32. The project's focus on gender equality and opportunities for women has been poor, which is partly a reflection of the nature of the forestry sector. The project does provide equal access to training opportunities and the wider project team has a number of women in key roles, but has no gender-specific indicators to assess benefits, empowerment or engagement by women. Unfortunately, project activities that were expected to create the most benefits for women through engagement with the PFO community have not been developed to date, although a review by the project has identified gender-specific opportunities, particularly in relation to strengthening value chains for non-timber forest products, which could be used to identify future project-supported activities. The project was given an overall 'medium' Environmental and Social Safeguards (ESS) risk.

**Summary paragraphs for GEF's Online Portal reporting for MTRs**

*Stakeholder Engagement*

33. To date, stakeholder engagement with the project has been largely limited to public sector bodies, namely the Directorate of Forests, the two Public Enterprises (Vojvodinasume and Srbijasume) under the Public Forest Service, and Institute of Forestry (Belgrade) with little active engagement from private forest owners or their associations, despite these groups being identified as key stakeholders and beneficiaries in the Project Document. There is also no involvement by the commercial forestry sector or civil society. In addition, several of the main project partners (and some co-financiers) identified in the Project Document, such as the Institute of Lowland Forestry and Environment and Nature Conservation Institute, have had little interaction with the project and are largely unaware of its activities or results.

*Gender responsive measures*

34. The project undertook a gender analysis during its design period, and the wider project team has a number of women in key roles, but other than the project ensuring it provides equal access to project opportunities, such as training workshops, there are no specific gender responsive measures to promote engagement and opportunities for women. Nor does the project have any gender-specific indicators to assess benefits, empowerment or engagement by women. Opportunities for forest and rural community development that would benefit women have been identified in a review commissioned by the project (Dordevic-Milosevic 2019), such as through value chain development of non-wood forest products, but as yet there has been no follow up to the report and there are no funds

to develop such activities with local women's groups or even with women members of PFOAs, and the project has yet to properly engage women from these communities in its activities.

#### *Knowledge activities/products*

35. Little attention has been given to knowledge management by the project, a reflection that there have been relatively few results to date (more is expected in the next year). The IFIS and NFI database, which will be very valuable tools for knowledge management and will link to other data platforms in Serbia and beyond, are still to be delivered. Lesson learning and identification of 'best practices' has also not taken place, again because few final results have been delivered to date. The means to disseminate project results, lessons and knowledge – the project's communications framework – is underdeveloped and needs attention with the articulation of a Communications and Knowledge Management Strategy seen as a priority.

## **Conclusions**

36. **Conclusion 1 – Relevance and ownership.** The project has high relevance at the national level and some at regional (e.g. helping to meet some Natura 2000 requirements) and global level (as designed the project is in line with GEF priorities). However, project efforts are focused on state-owned forests and there is a lack of significant engagement with private forest owners and users, the commercial forestry sector or NGO community or civil society, and **ownership of the project rests very much with the MAFWM-Directorate of Forests and the two Forest Public Enterprises**, and other project partners have little identification with the project.
37. **Conclusion 2 – Effectiveness.** To date the project has largely focused on outputs, particularly on developing methodology, the IFIS and the NFI, delivery of which has been slow but good. Whilst the new scheme for the NFI expands on the previous structure and collects more information on biodiversity, the project has had insufficient focus on CCM measures (for instance, below-ground carbon is only being partially assessed, the current version of the forest management Guidelines has only a one-page Addendum to CCM, and the MRV report has yet to be followed up). This is surprising given that the GEF CCM Focal Area funds total over US\$ 1.5 million and over US\$800,00 of this had been spent by the end of December 2020. **There is still a poor understanding of how forest management will need to adapt to CC**, and a clear need for more evidence to inform decision-making in relation to CCM (and CCA) within the forestry sector, especially as the project aims to transform forestry management to 'multifunctional sustainable forestry management'. This is especially important as forest management measures for CCM need to be integrated into the FDPs (Output 2.1.2), FMPs (Output 2.1.3) and forest strategy, policy and planning (Output 1.1.5).
38. In terms of progress on project outcomes, while **knowledge and tools to improve decision-making (Outcome 1.1) are being developed and improved, the project's capacity building efforts (Outcome 1.2) have yet to properly start.** There has been **no increase in the area under multifunctional SFM (Outcome 2.1)**, although if the project's six pilot FMPs and two FDPs can be delivered and have begun implementation then the project can claim it has achieved this outcome. Overall, **there has been some movement towards the project's objective** (promotion of multifunctional SFM) but it has been limited. However, **many foundational activities are likely to be completed in 2021 after which progress should be faster, and delivery of results should increase substantially.**
39. **Conclusion 3 – Efficiency.** There have been significant delays to delivery of project results due to a variety of reasons, with the result that **the project is estimated to be around 12 months behind schedule.** The Covid-19 pandemic is also likely to continue to impact efficiency during 2021 and possibly 2022. A number of project elements in Component 2 cannot be achieved until results from Component 1 have been delivered. Together these factors mean that **the project is very unlikely to deliver all its key results before its formal end in December 2021.** To do so, the project will require a one-year No Cost Extension to December 2022.

40. **Conclusion 4 – Sustainability. Sustainability of project results is still uncertain at the mid-term point but there are concerns over several potential risks to sustainability**, including the future institutional home for the NFI database and IFIS and identification of long-term funding for the maintenance of the IFIS and scaling up of the FDPs and FMPs across Serbia once the GEF project finishes, as well as how to fund active management for BD conservation, CCM priorities and socio-economic values within an expanded multifunctional SFM approach given the DF's small and forestry focused budget.
41. **Conclusion 5 – Factors affecting performance. Whilst the project has a capable team, a number of factors have affected the project's performance, in many cases creating delays.** These include **issues related to weaknesses in project design** (dependence of some outputs on successful completion of others) and readiness (activities not sufficiently developed during the design period), and lengthy procurement processes. Of particular concern is **weak partnership and stakeholder engagement** (many partners are not actively involved in project or informed of project results). To date there has been **especially poor engagement of PFOs/PFOAs** (the focus of project, and interest of Government, is on state-owned forest lands) and **it is questionable what impact the project will have on management of forests under private ownership**, but certainly far less than for the state-owned forests where scaling up will be much easier. Given the poor involvement of several key partners, **some of the co-financing contributions are questionable and need to be re-examined**, and the **project would benefit from an expanded membership beyond the current set of largely forestry sector based institutions and consultants** that have been involved to date. **Project communications has also been particularly weak and not effective**, both within the project group, and externally with project partners, wider stakeholders and the general public. Given that the project aims to promote multiple use of forests in Serbia, project communications needs to be addressed to multiple user groups, not just to the forestry sector.
42. **Conclusion 6 – Cross-cutting issues. The project's focus on gender equality and opportunities for women has been poor.** This could be addressed through greater, targeted engagement with women private forest owners and users and the PFOAs but **there is no consensus within the project team on how best to include PFOs within project** due to the large number in Serbia and small number of PFOAs. **The project's overall ESS risk rating of 'medium' is still appropriate** as some project activities are targeted within protected areas.
43. Overall, although the project has been subject to significant internal (e.g. procurement issues), and external (Covid-19) delays, it has made important progress on some key outputs, particularly in relation to Component 1, and can be expected to deliver more of its expected results. However, to fully deliver on Component 2 and disseminate and scale up results (under Component 3) the project will need to better engage its partners and **requires a No Cost Extension of at least a year**. The project's objective to promote a wider multifunctional SFM approach will only be achieved if there is increased focus on adapting forestry management to meet CCM and socio-economic priorities, which requires a better understanding of climate impacts on Serbia's forests and measures to promote CCM are made a priority, and there is greater engagement with the non-state users of Serbia's forests.

## Recommendations

44. Below are a set of the recommendations the MTR believes will improve performance and impact of the project. More detail on each recommendation is given in the main text. This document also contains a number of suggestions (**in bold**) that the MTR believes would also improve project delivery but which are seen as less critical.
45. Unless otherwise stated, the recommendations are directed to the PMU, FAO (REU and HQ) and MAFWM-DF in the first instance. The project's Steering Committee is considered the project's highest decision-making body and its approval would be needed for the implementation of any of the recommendations below.

## **Recommendation 1 - Increase focus on CCM activities in project**

46. *Issue:* The project has given relatively little attention to measures for managing forests for CCM, even though CCM represents over USD 1.5 million of the GEF funding, the single biggest allocation of the GEF funding. Up to December 2020, USD 800,605 of the CCM budget had been spent but the only tangible deliverables are a 1-page on guidance on forestry management for CCM and the project's MRV report, which do not represent value for money. Consequently, the project needs to increase the focus on CCM. There is a need for an urgent review of the impacts of predicted climate change (under different climate scenarios) on the forestry estate and forest sector in Serbia, including effects on timber, paper and biomass production, and harvesting of NTFPs by private forest owners and users, as well as on key biodiversity such as Red List species. The consequences for management (e.g. CCM measures for different forest types and forest management regimes) need to be identified and fed into forestry strategy, policy and practice (Output 1.1.5) and inform the project activities to develop the FDPs (Output 2.1.2) and FMPs (Output 2.1.3). Unfortunately, there is no specialist unit within the DF that deals with CCM (or CCA) measures for forestry management (or even a CC Unit within the parent MAFWM) so there is no dedicated institutional support available to the project on CCM<sup>6</sup>.

### *Recommended activities:*

- R1.1. **Undertake a review of likely impacts of CC on the forest estate in Serbia with a view to developing more detailed guidance on forest management for CCM aims.** This would help determine how to manage forests to improve forest carbon sequestration and guide managers in deciding which forest types should be planted to improve CCM in afforestation schemes (highlighted as an action in the National Climate Change Strategy) or following clear-cutting. **Activities could include assessment of the potential of different forest types for CCM under different harvesting regimes and different climate change scenarios, with production of maps of potential CC impact and CCM suitability for the project's two target regions. If possible, additional field sampling should be undertaken to improve estimation of below-ground forest carbon stocks<sup>7</sup>.**
- Responsibility: FAO and DF to organise a LoA with an independent research institution, and a contract with an international consultant input (this could be considered as part of co-financing contribution if provided through a project partner institution instead, e.g. Institute of Lowland Forestry and Environment which has particular expertise in the area of forests and climate change)
  - Timescale: May 2021 – October 2021
- R1.2. **Ensure that the project's forestry strategy and policy work (under Output 1.1.5), Forest Development Programmes (Output 2.1.2) and Forest Management Plans (2.1.3) are aligned with and reflect recommended measures in the draft National Climate Strategy and Action Plan (2019).**
- a. Responsibility: FAO and DF to contract national consultant with experience of national climate change strategy, plans and actions
  - b. Timescale: April - July 2021
- R1.3. **Prepare follow-up plan to ensure the recommendations from the project's MRV review (Output 1.1.4) are integrated into the project's forestry strategy and policy review work (under Output 1.1.5), and data collection and monitoring systems into Forest Development Programmes (Output 2.1.2) and Forest Management Plans (2.1.3) as relevant**
- a. Responsibility: National consultant with MRV experience
  - b. Timescale: April - July 2021
- R1.4. **Expand the Guidelines on managing forests for CCM and CCA following international best practice, where possible for each forest type, and utilising results from recommendations (i), (ii) and (iii)**

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<sup>6</sup> One reviewer noted that 'However, there are two sections within the Directorate for Forests in charge for forest policy, enhancement measures and forest plans that deal with CCM or CCA measures within the scope of their activities and responsibilities.' However, the MTR would like to note that based on interviews and review of Government documents, there does not seem to be any specialist technical expertise to advise on practical measures to support CCM within forestry management within Serbia, rather the current focus is on monitoring and reporting on CC impacts, not management measures to offset current and future predicted CC impacts.

<sup>7</sup> If statistically robust it is suggested that 20-30 random soil samples are collected and analysed for soil carbon from the 20 forest types.

**above, and consider a separate Addendum on 'climate smart forest management'.** It is expected that the Guidelines will be incorporated into forestry regulations governing forest management planning in Serbia (under Output 1.1.5). Consequently, it is important that the Addendum is updated as soon as possible.

- Responsibility: Component 2 team / International CCM specialist
- Timescale: Draft CCM Guidelines developed May 2021 – October 2021, updated after forest carbon data and analysis from recommendations (i) and (ii) become available

**R1.5. Develop an awareness-raising/outreach programme on likely impacts of CC on forests and management for CCM (and CCA) measures targeted at forestry sector stakeholders (state and commercial) and rural communities (including PFOs/PFOAs)**

- Responsibility: Communication consultant with support of project teams for Components 1 and 2
- Timescale: May – November 2021

**R1.6. Establish project Climate Change Working Group (CCWG) to serve as advisory forum on CC issues to the project,** to help support project activities relating to CCM (and CCA), coordinate deliverables from recommendations i-v above, and raise the profile of the project. Given the Ministry of Environmental Protection (MEP) has the principle responsibility for CCM issues within Government it is important that they are invited to participate in the proposed CCM WG. Consideration should be given to formalising and integrating the CCWG within the DF (which currently lacks specialist technical expertise on addressing CC/CCM/CCA issues) at the end of the project as part of the Final Evaluation).

- Responsibility: MAFWM-DF as the project's executing partner, with membership to include wide group of stakeholders, including PFOAs, Institutes of Nature Conservation, Rural Development and Agriculture, Water Management, Government Units involved in climate change issues. Alternatively, the project CCWG could be hosted and led by the Institute of Lowland Forestry and Environment in Novi Sad as it has the required technical expertise and experience in climate change impacts on forests.
- Timescale: Establish May 2021, with 3-monthly meetings for duration of project

**Recommendation 2 - Optimise involvement of PFOs and PFOAs in project**

47. *Issue:* The MTR recognises that it is not possible to include a significant or even representative number of PFOs in the project due to the large number of owners (800,000+). Nevertheless, privately owned forest lands account for almost 50% of the forest estate in Serbia, private forest users derive a wide range of socio-economic benefits from their forests, and the project aims to promote a wider vision of multifunctional SFM that includes 'socio-economic concerns'. Consequently, the project needs to find ways to support multifunctional SFM among PFOs and ensure greater engagement of PFOs or their Associations in project activities, especially capacity building opportunities (training, lesson learning, knowledge sharing). The involvement of representatives of one of the existing associations would give a positive signal to the associations that their initiatives aimed at association have been recognized and supported. This group should also include representatives of Church Forests.

*Recommended activities:*

**R2.1. Ensure a minimum number of representatives from selected PFOAs attend training and awareness-raising events** (so they can reach more PFOs than just inviting individual PFOs) and provide funding to cover costs of their participation to ensure no one is excluded due to financial barrier. A special effort should be made to ensure full representation by women.

- Responsibility: PMU
- Timescale: For project duration.

**R2.2. Set up demonstrations to promote the sustainable management of NTFPs to PFOs/PFOAs in a selection of the 16 SFM demonstration plots** under Component 2. It is suggested that at least some



the demonstration sites chosen should be close to areas where a PFOA is registered<sup>8</sup>. Several PFOAs are known to be active in Western Serbia and Vojvodina and resources need to be made available to ensure they can participate in training opportunities offered through the demonstration plots. In addition, the project should aim to develop at least one FMP that includes forest under a PFOA.

- Responsibility: PMU and Component 2 team
- Timescale: June 2021 – May 2022

R2.3. Given importance of wood for fuel security and the local economy in communities in and around forest areas in Serbia, **undertake a study on wood fuel demand and supply in the two target regions of Serbia to define sustainable biomass production** (covering different forest types, sized patches, etc).

- Responsibility: Biomass consultant (national but probably also involve international)
- Timescale: June - September 2021

R2.4. **Design proposal for separate follow on funding project for promoting SFM focused only on PFOs/PFOAs.** This should build on information collected through the current project (Dordevic-Milosevic (2019) study), seeking to extend the surveys of PFOs/PFOAs to gain a better understanding of needs and incentives to encourage greater sustainability in the use and management of forest resources by private forest owners and users.

- Responsibility: National consultant with experience of community level development and use of forests, PMU, FAO
- Timescale: June – December 2021

### **Recommendation 3 - Improve partner participation in project activities and decision-making**

48. *Issue:* A significant number of partners listed in the Project Document have not been involved in any meaningful way to date even though several are significant contributors to project co-financing (contributing over USD 200,000). Other partners have not been as involved as they need to be to ensure effective project implementation. For instance, it is essential that the Public Enterprises are fully and integrally involved in the development of the methodology for the development of both the FDPs and FMPs if these are to be implemented effectively and rolled out across Serbia, and to ensure they are designed to be practically applicable and cost-effective to implement. As a result, the partnerships for this project needs to be re-examined and co-financing contributions reassessed. In addition, given the project's objective to promote multifunctional SFM the project's membership needs to be expanded beyond the current largely state forestry sector based institutions that have been involved to date.

#### *Recommended activities:*

R3.1. **Develop a partnership and stakeholder strategy and plan which sets out who will be involved for the remainder of project, with roles and responsibilities, specific commitments/deliverables and timeline, budgets and co-financing contributions, agreed and clearly identified.** This should include re-examining the list of partners, stakeholders and co-financiers given in the Project Document and identify those that now need to be involved. Given the project objective is to 'promote multifunctional SFM' that considers (among other things) socio-economic concerns, the project needs to consider representation/inputs from stakeholders from the agriculture and rural development sectors, as well as private sector (non-state forestry) actors particularly the involvement of PFOs/PFOAs.

- Responsibility: PMU, MAFWM-DF and FAO
- Timescale: April 2021 - June 2021 (to be reported in next PIR/PPR)

R3.2. **Expand membership of the project's Steering Committee and 'Working Groups' to reflect the new partnership arrangements,** e.g. with representatives from PFOAs and commercial forest sector, technical experts on biodiversity (from NCI), climate change mitigation (from Ministry of Environmental Protection, Department of Climate Change) and Statistical Office included on the SC,

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<sup>8</sup> Establishing permanent plots in private forests without incentives/subsidies is likely to be difficult, so plots should be on state-owned land but with easy access by PFOs.

as well as the main project co-financiers including the Institute of Lowland Forestry and Environment and the Forest Technical High School Kraljevo. It is important that the Working Group addressing issues relating to forest management planning fully includes PE Vojvodinasume and PE Srbijasume, and an additional Working Group to address the integration of the new multi-functional SFM approach (and findings of the project) into forest policy and legislation (addressing Output 1.1.5) should be established.

- Responsibility: PMU, MAFWM-DF and FAO
- Timescale: April 2021 - June 2021 (to be reported in next PIR/PPR)

R3.3. **Recalculate co-financing contributions from partners, based on their actual involvement in, and contributions to, the project, and collect updated statements of co-financing contributions (these have been missing).** Also, there are other potential sources of co-financing that have been identified since the project was endorsed (leveraged co-financing), which should be considered, and included in co-financing reporting.

- Responsibility: PMU, MAFWM-DF and FAO
- Timescale: April 2021 - June 2021 (to be reported in next PIR/PPR)

#### **Recommendation 4 - Improve communications and knowledge management on the project**

49. *Issue:* Project communications have been poor to date, both internally within the project team, as well as externally with partners, key stakeholders and the general public. For instance, the project has no social media presence, newsletter, and even lacks a project website, and the project is viewed as a technical forestry project. Given the project aims to promote multifunctional SFM and highlight the wider ecosystem services provided by Serbia's forests, the project's communication activities need to be greatly improved.

##### *Recommended activities:*

R4.1. **Contract a communications consultant for the remainder of project to lead on the design and production of project communication/outreach materials,** guided by FAO REU and FAO HQ communications experts, and to lead on the review of any project reports, guidelines, etc to ensure effective communication to target audiences. The Communications Consultant is likely to be needed initially for 2 months to design the Communications and Knowledge Management Strategy and Plan and preliminary awareness-raising and outreach materials then on a regular (1-day /week?) basis until the final 3 months of the project when a greater input will be required for final workshop, presentation of results, and publications/reports, etc.

- Responsibility: PMU and FAO REU
- Timescale: Contract to begin latest May 2021

R4.2. **Develop a project Communications and Knowledge Management Strategy and Plan** that sets out key messages to be communicated (aims and activities of the project, target regions, stakeholders involved, progress on results, etc) and identifies the target audiences and appropriate media (social media, radio/TV, brochures/publications, press packs, 3-monthly project newsletter, etc) as well as roles and responsibilities of key individuals and partners, budgets and timeline. **The Plan should also establish a knowledge management system for the project to ensure effective use, storage, sharing and dissemination of project-generated results and knowledge and lessons learned** (following GEF guidance and progress on addressing Knowledge Management). Support and guidance for project Communications and Knowledge Management Strategy and Plan<sup>9</sup> and more generally on effective media outreach and development of communications materials should be sought from the communications specialists in FAO HQ (initially from the team in the FAO-GEF Coordination Unit).

- Responsibility: Communications Consultant and PMU, with guidance from Communications team at FAO HQ
- Timescale: May 2021 – July 2021

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<sup>9</sup> Generic communication guidelines are also contained in the document '*Communication at Country Level - Guidelines for FAORs on preparing a Communication Strategy and Plan*' available from the FAO HQ and FAO REU communications teams.

- R4.3. **Establish project website and social media programme and design and distribute project communications/outreach materials** as identified in the Communications and Knowledge Management Strategy and Plan. All project reports need to have a Serbian/English executive summary. An immediate product should be an attractive 2-page brochure on the project setting out its aims key aims, results, partners, funding, etc targeted at the general public.
- Responsibility: MAFWM, Communications Consultant and PMU, with support from Communications team at FAO HQ to promote project globally. The website should be established and hosted by MAFWM with the cost of the website being met from MAFWM-DF co-financing. This is important to ensure effective scaling up of project results and their sustainability once the project ends.
  - Timescale: May 2021 – End of Project
- R4.4. **Host final national workshop on ‘multifunctional SFM including BD conservation, CCM and promoting socio-economic benefits’ in final 3 months of project to present project results to partners, stakeholders and wider public**
- Responsibility: Communications Consultant and PMU
  - Timescale: Last 6 months of the project
- R4.5. **Establish a regular project lesson learning process** (feeding into both Communications and M&E activities). This could form part of an annual project retreat led by an external facilitator
- Responsibility: PMU and Communications Consultant, with specialist input from international M&E consultant and FAO-GEF Coordination Unit
  - Timescale: May 2021 – End of Project
- R4.6. **Provide key project staff with a training course on ‘Effective communications’** to help improve the project team’s promotion of project results and key messages at national, regional and global levels. It is suggested that this includes the Project Coordinator (in Serbia), Operations Specialist (at FAO REU) and the Lead technical Officer (also at FAO REU).
- Responsibility: Project Coordinator and Operations Specialist with training provided through FAO-GEF Coordination Unit
  - Timescale: During the period May –December 2021
- R4.7. **Host regular team meetings (all Component teams – BD, NFI, forest management planning, IFIS - should be involved) to brief project team members and partners on progress and challenges to improve internal project communications.**
- Responsibility: PMU and Communications Consultant
  - Timescale: April 2021 – End of Project

#### **Recommendation 5 – Grant project a 1-year No Cost Extension**

50. *Issue:* There have been significant delays to many aspects of the project, including lengthy procurement processes and the Covid-19 pandemic, and the project is very unlikely to be able deliver all its key results before its formal end in December 2021 despite efforts by the project team to ‘catch up’ on delivery. To fully deliver and achieve maximum impact the project will require a one-year No Cost Extension (NCE), extending the formal closure of project to December 2022.

#### *Recommended activities:*

- R5.1. **Prepare proposal for a 1-year NCE identifying key activity sets and outputs that cannot be, or are unlikely to be, completed by December 2021**, with a clear rationale and justification for an extension for each output/activity set where considered necessary. The NCE proposal should include measure to address the above recommendations (1-4).
- Responsibility: PMU, MAFWM-DF and FAO REU
  - Timescale: Proposal by end of April 2021

R5.2. **Present proposal for a NCE at the project's April 2021 Steering Committee meeting for discussion and request formal approval by project partners<sup>10</sup>. Approval of the NCE should be conditional on the above four recommendations being incorporated into the revised work plan for the NCE, and satisfactory progress being made according to agreed milestones and targets for recommendations 1-4 above (monitored and reported on in 3-monthly reports and included in GEF PIR and FAO PPR reports).**

- Responsibility: Project partners (co-financiers), MAFWM-DF and FAO REU/FAO HQ
- Timescale: Formal (written) approval by project partners FAO REU/FAO HQ by the end of May 2021

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<sup>10</sup> Although a No Cost Extension allows the use of the remaining GEF funds to be extended the additional time requested will incur additional co-financing costs from project partners, which needs to be agreed.

**Table 1 GEF rating table**

GEF criteria/sub-criteria	Rating <sup>11</sup>	Summary comments
<b>A. STRATEGIC RELEVANCE</b>		
A1. Overall strategic relevance	S	Very relevant at national and global scales but focuses little on addressing community priorities
A1.1. Alignment with GEF and FAO strategic priorities	S	Good alignment with FAO and GEF priorities
A1.2. Relevance to national, regional and global priorities and beneficiary needs	S	Helps meet national priorities for addressing SFM and CC and aims to address capacity of PFOs/PFOAs (but little to date)
A1.3. Complementarity with existing interventions	MS	Limited linkage with other relevant institutions and projects e.g. Natura 2000
<b>B. EFFECTIVENESS</b>		
B1. Overall assessment of project results	MS	Progress mixed, some important and useful results which can be built on but project has been subject to considerable delays
B1.1 Delivery of project outputs	MS	Initial delays but progress being made on many Component 1 outputs, with some valuable results (improved field methodologies, NFI, and MRV report), and decision on basic IFIS framework reached and data exchange with other institutional databases agreed. However, only preliminary activities related to Component 2 delivered to date (e.g. identification of sites for FMPs, selection of 16 demo sites, and some initial training).
B1.2 Progress towards outcomes and project objectives	MS	Limited delivery to date, but also difficult to measure progress due to poor choice of indicators and lack of mid-term targets.
Outcome 1.1	MS	Decision-making should be strengthened through project activities but it has not been applied to date e.g. no development and implementation of FDPs or FMPs yet
Outcome 1.2	MS	Project helping to build capacity through improved knowledge, tools and skills training, but project efforts have been mostly focused on the public sector institutions to date
Outcome 2.1	MS	No increase in the area of forest under multifunctional SFM to date as FDPs and FMPs yet to be delivered, adopted and implemented
Outcome 3.1	MS	Project M&E system established, but project communications poorly developed and delivered
Overall rating of progress towards achieving objectives/ outcomes	MS	Some progress but limited attention to CCM and socio-economic concerns calls into question whether wider multi-functional vision of SFM will be achieved
B1.3 Likelihood of impact	Not rated at MTR	
<b>C. EFFICIENCY</b>		
C1. Efficiency <sup>12</sup>	MU	Significant delays due to procurement, Covid-19 and other reasons. Project is at least 12 months behind schedule in several areas and unlikely to fully deliver before official closure on 31 December 2021
<b>D. SUSTAINABILITY OF PROJECT OUTCOMES</b>		
D1. Overall likelihood of risks to sustainability	ML	Difficult to judge at mid-term point as many project activities are still preliminary, but if results are integrated into policy and planning frameworks (e.g. FDPs and FMPs) there is potential for sustainability.

<sup>11</sup> Ratings: S - Satisfactory; MS – Moderately Satisfactory; MU - Moderately Unsatisfactory; U – Unsatisfactory. For Sustainability, ratings are: ML – Moderately Likely; MU – Moderately Unlikely. Further explanation of ratings is given in Annex 9 to the main report.

<sup>12</sup> Includes cost efficiency and timeliness.

D1.1. Financial risks	MU	Concerns over long-term funding for maintenance of the IFIS and funds for roll out of FDPs and FMPs across Serbia once GEF funding finishes. Also, DF funds to cover the costs of the expanded multifunctional SFM with greater focus on active management for BD conservation and CCM priorities and socio-economic values and benefits
D1.2. Socio-political risks	ML	There is a need for specific regulations/bylaws for the updated FDPs and FMPs without which these plans cannot be adopted and implemented. Also, PFOs, representing c50% of the forest estate are not significantly involved in the project
D1.3. Institutional and governance risks	ML	Future home for the NFI database and IFIS, insufficient capacity to scale up FDPs and FMPs are potential risks
D1.4. Environmental risks	ML	No detailed environmental impact assessment appears to have been undertaken but project is promoting SFM, BD conservation and CCM which should increase environmental value if successful
D2. Catalysis and replication	MU	Communications, outreach and knowledge management have been poor areas of project with no 'promotion' of multifunctional SFM and no scaling up of ideas of results to date. These need to be addressed if replication is to occur.
<b>E. FACTORS AFFECTING PERFORMANCE</b>		
E1. Project design and readiness <sup>13</sup>	MS	Despite good design team, rushed design period meant many activities not clear which slowed initial delivery. Component 2 activities particularly dependent on results from Component 1 which introduced delays.
E2. Quality of project implementation	MS	Project generally well supported by FAO but oversight at national level (Steering Committee) not very effective or viewed as participatory
E2.1 Quality of project implementation by FAO (BH, LTO, PTF, etc.)	MS	Generally good support from FAO (especially the Operations Specialist and LTO) but lack of IT experience in FAO REU caused delays, and tensions have arisen in relationship between FAO and DF over procurement and use of project vehicles
E2.2 Project oversight (PSC, project working group, etc.)	MU	Project Steering Committee not considered an effective discussion or decision-making body, partly because of the limited focus of its (uninformed) membership
E3. Quality of project execution	MS	Management of the project has been competent
E3.1 Project execution and management (PMU and executing partner performance, administration, staffing, etc.)	S	Good extended project management team, but some members of the team were not familiar with GEF and FAO procedures, which introduced delays in project implementation. Risk management adequate, and attempts made to mitigate Covid-19 pandemic
E4. Financial management and co-financing	MU	Financial management Satisfactory but co-financing Unsatisfactory, as many co-financiers not involved in project to date and main DF source of co-financing covers many non-project related activities, and there has been no reporting on co-financing contributions to date.
E5. Project partnerships and stakeholder engagement	MU	Large list of partners and stakeholders, but main groups involved to date are state-sector forestry institutions, Faculty of Forestry, and consultants. Very little involvement with PFOs/PFOAs and no significant engagement with the commercial forestry sector or NGOs and civil society. Project lacks a Partnership and Stakeholder Strategy
E6. Communication, knowledge management and knowledge products	U	Very little time and resources invested into communication and outreach activities to date. Project lacks website, promotional material (with key messages, aims, expected results, etc) and is viewed as a 'technical forestry project' with low profile even within

<sup>13</sup> This refers to factors affecting the project's ability to start as expected, such as the presence of sufficient capacity among executing partners at project launch.

		Government. Many project partners largely unaware of activities and results.
E7. Overall quality of M&E	MS	M&E adequate but handicapped by some poor indicators
E7.1 M&E design	MS	Project follows the standard FAO-GEF M&E framework. No indicators for the project objective to measure progress and the indicators and associated targets chosen for several of the outcomes are not SMART and were imposed 'top down'
E7.2 M&E plan implementation (including financial and human resources)	MS	M&E carried out as in Project Document with regular reporting, except on co-financing from partners. Financial and human resources are sufficient. Amount allocated for Final Evaluation considered unnecessarily high.
E8. Overall assessment of factors affecting performance	MS	Many factors have affected performance, which has been mixed, and the project is estimated around 12 months behind schedule
<b>F. CROSS-CUTTING CONCERNS</b>		
F1. Gender and other equity dimensions	MU	Although highlighted in the project's design, no real focus on gender or specific opportunities for women to benefit, especially as there has been very little engagement with PFOs and PFOAs to date
F2. Human rights issues	Not rated	Not relevant to project as no indigenous communities or human rights issues
F2. Environmental and social safeguards	MS	Moderate rating for ESS was given at the project design stage
<b>Overall project rating</b>	<b>MS</b>	<b>But has potential for 'Satisfactory' rating by end of project if recommendations and suggestions followed</b>

## 1. Introduction

1. This report presents the findings of the independent mid-term review (MTR) of the '*Contribution of sustainable forest management to a low emission and resilient development in Serbia (GCP/PHI/062/GFF)*' project, otherwise known as the 'SFM project' (this abbreviation will be used hereafter).

### 1.1 Purpose and scope of the MTR

1. The MTR is a requirement for full-sized GEF-funded projects, as well as being required for FAO project monitoring and reporting purposes, and is identified as project activity in the Monitoring and Evaluation (M&E) plan presented in the Project Document. As stated in the Terms of Reference (ToR) for this MTR (see Annex 1), the purpose of the MTR is principally to provide an independent, external assessment of the progress of the project towards expected project outputs, outcomes and objectives at the mid-term stage of project implementation, and to identify areas for improvement and/or corrective action to better deliver the project's intended results by the end of the project.
2. The MTR of the project took place between mid-October and end of December 2020. It reviews progress of all project-related activities (across all project components) from the official project start date (19 February 2018) up to 31 December 2020, but also but also includes a review of key issues identified from the project's design phase (2016-2017).

### 1.2 Objective of the MTR

3. The MTR of the project took place between mid-October and end of December 2020. It reviews progress of all project-related activities (across all project components) from the official project start date (19 February 2018) up to 31 December 2020, but also but also includes a review of key issues identified from the project's design phase (2016-2017).
4. Following OECD/DAC criteria for evaluation, the MTR aims to assess the: (i) relevance, (ii) effectiveness, (iii) efficiency, (iv) risks to the sustainability of the project results, (v) factors that have affected its performance and delivery of the project to date, as well as (vi) cross-cutting dimensions (including gender, and Environmental and Social Safeguards). It also sought to identify initial any lessons learned on project design, implementation and management at the mid-term point, and to propose mid-course corrections and/or adjustments to the project's implementation to improve efficiency and effectiveness of delivery, sustainability and likelihood of impact. The MTR followed the guidance set out in the *FAO (2020) Guide for Planning and Conducting Mid-term Reviews of FAO-GEF projects*.

### 1.3 Intended users

5. The primary intended audience or users of the MTR Report are:
  - i. The staff at the headquarters (HQ) of the Food and Agriculture Organization of the UN (FAO) in Rome, Italy, especially the FAO-GEF Coordination Unit, as the GEF Implementing Agency, and the FAO Regional Office for Europe and Central Asia (FAO-REU) in Budapest, Hungary;
  - ii. The Directorate of Forests (DF), Ministry of Agriculture, Forestry and Water Management (MAFWM) as the lead executing agency for the project; two Public Enterprises (PE) - Vojvodinasume and Srbijasume – under the Public Forest Service of Serbia;
  - iii. The Institutes for Forestry (in Novi Sad and in Belgrade);
  - iv. The Chamber of Forest Engineers (a body representing professionals, also located in Belgrade); the State Environmental Protection Agency (SEPA) which is part of the Ministry of Environmental Protection (MEP);



- v. The Faculty of Forestry of the University of Belgrade (in Belgrade);
  - vi. Other agencies whose remit includes biodiversity (BD) or climate change mitigation (CCM) or climate change adaptation (CCA), including the Institute of Nature Conservation (NCI);
  - vii. The commercial forest sector including timber and paper industries in Serbia; and
  - viii. The estimated 800,000-900,000 private forest owners (PFOs) in the Republic of Serbia and their associated PFO associations (PFOAs).
6. The findings and recommendations of the MTR report are particularly addressed to the project's Steering Committee (SC) during its planned third meeting, scheduled for spring 2021 (depending on Covid-19 limitations).

#### **1.4 Methodology**

7. The MTR followed the methodology set out in its ToR (see Annex 1), namely through:
- A review of background project documentation provided by the FAO HQ and FAO REU offices (the 'project information package'); and
  - Semi-structured Skype/Zoom and phone interviews with over 70 individuals from key stakeholders that totalled over 70 hours of interviews.
8. Interviews were structured around a standard set of questions to determine the relevance, effectiveness, efficiency, factors affecting performance, and sustainability of project results, and assessment of the likely longer-term changes/impact of the project, together with identification of lessons learned and recommendations to improve the overall project delivery and better achieve its planned results during the remainder of the project.
9. The main review questions (RQ) are given in Box 1 below with the full set of questions and sub-questions (the 'MTR matrix') that the MTR team drew from (see Annex 2). The key overall question for the MTR was 'How can the delivery, impact and sustainability of the project results be improved over the remainder of the project - what changes are needed?'

#### **Box 1 - Main review questions (RQ)**

**RQ 1: Relevance and ownership** - To what extent are the project's objectives and its intended outcomes consistent with Government and local priorities, GEF strategic programmes and FAO strategic objectives and operational programmes? Have there been any changes in the relevance of the project since its design? What is the current level of ownership of the project and its results by the project partners and the target beneficiary groups?

**RQ 2: Effectiveness** - How effectively has the project delivered on its expected outputs, outcomes and objectives to date, in terms of their quality, quantity and timeliness (against milestones)? To what extent is the project on track to achieving its expected development and environmental objectives and outcomes? To what extent is the project helping to 'promote multifunctional sustainable forest management to conserve biodiversity, enhance and conserve carbon stocks and secure forest ecosystem services in productive forest landscapes' in Serbia?

**RQ 3: Efficiency** - To what extent has the project been successful in using available resources to deliver outputs, outcomes and the project objective efficiently, cost-effectively, and in a timely manner?

**RQ 4: Sustainability (and replication/catalysis)** - What are the key risks (financial, socio-political, institutional and governance, and environmental) to the sustainability of the project results and progress towards longer-term impacts? To what extent have project results been, or could be, scaled up or replicated to other areas in Serbia, regionally or globally, or catalyse further change to better promote multifunctional SFM?

**RQ5: Factors affecting performance** – What factors have contributed to the effectiveness or ineffectiveness of the project, and why, including: project design and readiness; project execution and management; project oversight and supervision; financial management and co-financing; partnerships and stakeholder engagement; communication, awareness raising and knowledge management; and Monitoring and Evaluation (both in design and implementation)?

**RQ6: Cross-cutting dimensions** - To what extent have gender equality and other equity concerns been taken in account in the design and implementation of the project? To what extent does the project conform to GEF and FAO

goals and standards on gender equity? To what extent has the project taken environmental and social concerns into consideration in its design and implementation (is the project in line with its Environmental and Social Safeguards plan)?

10. The MTR Team also paid attention to assessing any gender concerns, stakeholder engagement and ownership at different levels as well knowledge management, which are special concerns for both the GEF and FAO, including the extent to which the project has been able to meet FAO's four Gender Equality Objectives: (i) equal decision-making; (ii) equal access to productive resources; (iii) equal access to goods, services and markets; (iv) reduction of women's work burden.
11. The project's Theory of Change (ToC) was also used to analyse the structure and causal logic of the project and helped identify MTR questions and potential stakeholders and interviewees.

### **1.5 Level of stakeholder engagement in the MTR**

12. An initial stakeholder analysis provided by the Project Coordinator (PC) to the MTR Team identified a number of potential interview groups and individuals whose views should be sought during the MTR. This initial list was reviewed by the MTR Team and expanded to include a greater number of interviewees, based on an analysis of project documents and initial discussions with key FAO staff and the PC.
13. Key project individuals interviewed included: FAO staff directly involved in project implementation, administration and oversight (both from the Rome and Budapest offices), including the Budget Holder (BH), the Lead Technical Officer (LTO), the national Project Coordinator (PC), the National Project Director (Director of the Ministry of Agriculture, Forestry and Water Management - Directorate of Forests (MAFWM-DF), and members of the project's Steering Committee (SC) and Project Task Force (PTF) as well as the principle national and international consultants leading on specific project elements (Components and outputs).
14. Interviews were also held with secondary stakeholders (those only indirectly or temporarily affected by the project) including academic and research institutions such as the Faculty of Forestry, Institute of Forestry (Belgrade) and Institute of Lowland Forestry and Environment (Novi Sad). It was not possible to arrange interview with individual private forest owners (PFOs) and their associations (PFOAs) nor with local communities due to constraints imposed by the Covid-19 pandemic.
15. For Component 1, the principal stakeholders consulted were: the MAFW-DF, the Public Enterprises (PE) "Srbijasume", PE "Vojvodinasume", academic and research institutions (Faculty of Forestry, Forestry Institute and Institute of Lowland Forestry and Environment, NCI, and project's Biodiversity/Methodology, National Forest Inventory (NFI), and Integrated Forest Information System (IFIS) teams.
16. For Component 2, stakeholders consulted included: the DF, PE "Srbijasume", PE "Vojvodinasume", Faculty of Forestry, Forestry Institute and Institute of Lowland Forestry and Environment, NCI (Belgrade and Novi Sad), and the project's forest management planning teams (national and international experts).
17. For Component 3, MTR interviews focused on the PC and FAO Budapest and Headquarters (HQ) staff. A full list of those interviewed for the MTR is given in Annex 3.

### **1.6 Inclusion of women in the MTR process**

18. The MTR attempted to ensure that women were adequately represented in the interviews. Despite the dominance of men in the forestry sector, interviews were held with all the key women involved in the project (including the FAO Operations Specialist and the key female national and international consultants) except one who was unavailable due to ill health. The MTR Team examined the extent to

which the project has benefited women through its activities and any opportunities to adapt project activities to meet the unique needs of both men and women to improve outcomes. If field visits had been possible to rural areas or communications could have been established easily with local communities in the target areas (many are remote and digital communications judged too difficult to organise or too unreliable) then the MTR would have requested interviews with women community groups and local women representatives who use forest resources.

19. In assessing the environmental and social impacts of the project, reference was made to several frameworks, including FAO's *'Environmental and Social Management Guidelines'* (2015), *'Policy on'*, as well as the GEF's *'Agency Minimum Standards on Environmental and Social Safeguards (2015)'* and *'Policy on Stakeholder Engagement (2017)'*.

### **1.7 Composition of the MTR team**

20. The MTR team was comprised of three independent consultants: Dr Nigel Varty as lead consultant, who particularly covered issues relating to Component 3 (communication, M&E and lesson learning), biodiversity and Climate Change mitigation issues, project management and institutional arrangements; Dr Dejan Stojanović who took the lead on interviews and analysis for Component 1 (especially the methodology, NFI and IFIS); and Mr Stevo Sekulić who led on Component 2 (forest management planning and institutional capacity including training), although all three members of the team contributed to all parts of the MTR.

### **1.8 Limitations of the MTR process**

21. There were two main limitations to the MTR. The lack of mid-term targets for the project outcomes given in the project's Results Framework (logframe) hindered assessment of project progress. In response, the MTR examined the extent to which the end-of-project targets for the outcome indicators had been reached. In the case of outputs, indicator targets exist which allowed progress towards results to be assessed at the mid-term.
22. The main limitation on the MTR was due to Covid-19 pandemic constraints. The international consultant was unable to travel to Serbia due to a block on international travel for FAO staff and consultants, and the constantly changing Covid-19 situation in Serbia meant that no field visits or face-to-face interviews could take place and had to be held remotely.
23. In view of the various delays due to the Covid-19 pandemic mentioned above, the MTR was rescheduled from its initial intended start date in April/May 2020 to November/December 2020.

## 2. Project background and context

### 2.1 Project background

24. Full details of the project can be found in the Project Document, but for the MTR report only a summary of relevant information is presented below.
25. Forests covers around 2,252,400 ha of Serbia, about 29% of the total land area, which is far below the target of 41.4% set out in national strategy and policy documents. Of this area, productive forests amount to around 1,498,000 ha. Forest ownership in Serbia is roughly equally divided between state (53%) or private (47%) owners (the latter including forests on church lands). Forests are characterized by high genetic, species and habitat diversity. However, in terms of forestry, the general condition of Serbian forests can be classified as poor with a low standing volume (about 161 m<sup>3</sup>/ha), a low annual increment (about 4.0 m<sup>3</sup>/ha) and wood production of barely 3.1 m<sup>3</sup>/ha, with 29% of all forests degraded and an unfavourable age structure dominated by coppice forests (64.7% of forests).
26. Serbia's forest have been being lost, fragmented and degraded due to a variety of reasons, including illegal extraction of timber, excessive cutting for fuelwood and frequent forest fires, as well as pressures from the agriculture, energy, and construction sectors. For instance, 2.5 million Serbian households, particularly in poor rural areas, rely on fuelwood to cover their energy needs (and generate revenues, although the sale of wood typically makes up less than 25 % of the household income). Unfortunately the demand for fuel wood exceeds the potential supply. Together these factors are resulting in the loss of forest carbon, biodiversity and other key ecosystem goods and services, and have substantially reduced the potential of Serbian forests to act as carbon sinks.
27. The project seeks to address the main threats facing these forests through overcoming barriers to moving to multifunction Sustainable Forest Management (SFM) in Serbia. According to the Project Document, these are:
  - i. Inadequate policy and strategic frameworks and sectoral coordination to implement SFM that incorporates climate change mitigation and biodiversity conservation objectives;
  - ii. Poor availability of information (linked with weak information management systems) needed for development and implementation of multi-functional forest management planning (the last National Forest Inventory for instance was conducted in 2009), which also hinders Serbia's international reporting obligations related to BD protection and CCM;
  - iii. Little active involvement of the private sector in forest management in Serbia, in part due to lack of capacity and incentives for the private forest owners to engage in SFM in Serbia (incentive mechanisms for private forest owners are currently limited to grants for forest road building and free planting material. There are no fiscal incentives or access to forest extension services, to promote SFM); and
  - iv. Low technical capacity (including knowledge and outdated equipment) among forestry professionals for SFM.
28. The project supports the Government of the Republic of Serbia to deliver and upscale an expanded vision of existing forest management in the country, based on a multifunctional SFM approach that integrates biodiversity (BD) conservation, climate change mitigation (CCM) and socio-economic objectives, in both the public and private sector forests.
29. The project's approach to achieve this is largely through strengthening the enabling environment (policy, regulations, incentives, decision-making, capacity building, etc.) and technical capacities of forest sector actors to plan and implementing multifunctional SFM, through:
  - Improving information (and its availability) on the forest estate through an updated, expanded National Forest Inventory (NFI) to enable informed decision-making in forest policy, planning,

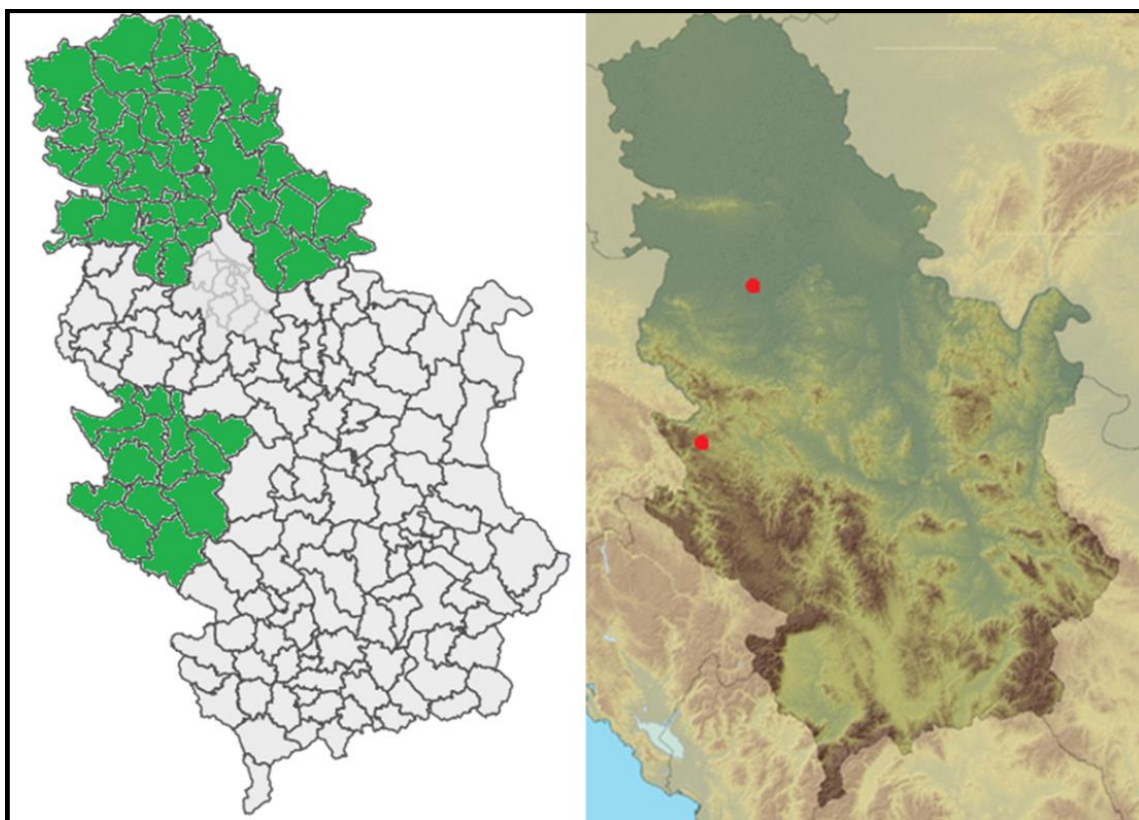
development, management and use;

- Strengthening capacities of forest managers and private forest owners to incorporate BD conservation and CCM considerations within the current forest management approach and implement SFM practices through guidance materials, demonstrations and trainings;
- Strengthening coordination and dialogue between key public and private stakeholders with increased participation by the private sector in forest planning and management;
- Identifying incentives to encourage private forest owners to engage in SFM, and
- Developing and implementing updated Forest Development Plans (FDP) that cover forest 'regions' and Forest Management Plans (FMP) that cover individual Forest Management Units (FMU) in two pilot regions under an expanded vision of a multi-functional approach to forest management in Serbia that integrates BD conservation, CCM and socio-economic concerns.

## 2.2 Project framework

30. The project focuses its intervention largely at national level (e.g. information and policy related activities), but also in selected pilot areas at regional (forest) level and at a more local scale of the Forest Management Unit. At regional level, the project targets two of the seven forest regions defined through the amendment of the Forest Law (2015) - Western Serbia and Vojvodina. These regions were selected to include representative forest types, as well as an array of public and private owners, including the church. Furthermore, they include two important protected areas, the Obedska Bara and Tara National Parks (Figure 1).

**Figure 1 - Location of the two selected regions in Serbia. The two red dots show the locations of Obedska bara and Tara National Park. (Source: Dejan Miletic, SE Srbijasume)**



31. According to the Project Document, the project's objective is 'to promote multifunctional sustainable forest management to conserve biodiversity, enhance and conserve carbon stocks and secure forest

ecosystem services in productive forest landscapes'. The project aims to achieve its objective through 4 outcomes and 15 outputs arranged into three interlinked components (see Figure 1). The project consists of three components.

*Component 1: Enabling environment for multifunctional sustainable forest management*

32. This Component is the largest, most complex of the three Components with the most outputs and sets of activities. It aims to improve the effectiveness of forest policy and management decision-making capacity through up-dated and expanded information on the country's forests and their biodiversity and carbon stocks along with improved information (and a deeper understanding) of their socio-economic value, and through strengthening the systems used to collect, analyse, store and exchange such data within and across the relevant government institutions, in line with international reporting requirements and best practices. This involves improving, expanding and applying, methodologies to collect standard forest, biodiversity and carbon data (Output 1.1.1) across the country's forests to update the NFI (Output 1.1.3) last undertaken in 2009. This will provide key information for developing more effective FDPs and FMPs at regional and local levels respectively.
33. Another element of this Component intended to facilitate the country's access to international climate financing for CCM measures and reporting on CCM is an expanded Monitoring, Verification and Reporting (MRV) scheme for the forest sector (Output 1.1.4) which aims to collect additional data for reporting on carbon balances across the sector according to international standards.
34. Allied to this is the establishment of an Integrated Forest Information System (IFIS, Output 1.1.2) linking relevant data sources in different government agencies to improve forest data handling and analysis and to provide users with better access to forest-related (including BD and CCM) information for strategic, planning and operational purposes.
35. This Component also seeks to mainstream BD and CCM concerns into forest strategy, policy and regulation to strengthen the delivery of multifunctional SFM across Serbia (Output 1.1.5). An additional output is the development of guidelines for good SFM practices (Output 1.1.6), to support technical capacity building of key institutions and individuals to deliver SFM (although this output is better captured under Component 2 which specifically deals with institutional capacity building).
36. This Component also recognizes that there is a need to improve the institutional collaboration to promote better sharing of information for planning and management. Consequently, the project proposes to establish new or strengthen existing cross-sectoral mechanisms to ensure that forest use, BD, CCM and other uses and values of the country's forests are considered by non-forestry sectors (Output 1.1.7) and, especially, that there is wider participation by private forest owners in the decision-making and planning processes.

*Component 2: Multifunctional forest management*

37. Component 2 focuses mostly on strengthening capacity for the implementation of multifunctional SFM and piloting new models of FDPs (Output 2.1.2) at a regional level and FMPs (Output 2.1.3) at local level that include management for BD conservation, carbon stocks, and socio-economic priorities in two target regions (West Serbia and Vojvodina). This Component also seeks to develop strategies/approaches and incentives to encourage private forest owners to engage more in SFM practices (Output 2.1.4, although this project element would be better treated under Component 1 as part of the project's policy/strategy strengthening work feeding into Output 1.1.5 – see Theory of Change section below).

*Component 3: Monitoring, Evaluation and dissemination of lessons learned*

38. The project's third Component is focused on the monitoring of project progress for adaptive management purposes including undertaking a Mid Term Review and Final Evaluation. Importantly, this Component also addresses the analysis and dissemination of project results, including capturing lessons

learned and identification of best practices, and efforts to communicate and disseminate these to inform project partners, other relevant stakeholders and wider audiences, and to scale up project results and impact nationally, regionally and globally. Information generated through activities associated with this Component, such as experiences and lessons learned in developing FDPs and FMPs and ways to better engage the private sector to engage in SFM under Component 2 are expected to be used to inform policy, regulatory and strategy review activities undertaken in Component 1 (Output 1.1.5), as well as to promote up-scaling at the national level.

39. FAO is the GEF Implementing Agency for the project. The project is executed by Project Management Unit (PMU) based at UN House in Belgrade, with additional administrative support from the regional FAO office in Budapest (as there is no FAO country representation in Serbia), with the Ministry of Agriculture, Forestry and Water Management - Directorate of Forests ((MAFWM-DF) – as the lead executing agency for the project. Other collaborating public sector project partners include:

- Two Public Enterprises (PE) - Vojvodinasume and Srbijasume – under the Public Forest Service;
- Institutes for Nature Conservation (in Novi Sad for the Vojvodina Region and in Belgrade for the rest of Serbia);
- Chamber of Forest Engineers (a body representing professionals, also located in Belgrade);
- State Environmental Protection Agency (SEPA) which is part of the Ministry of Environmental Protection; and
- the Faculty of Forestry (in Belgrade).

The main private sector/civil society beneficiaries/partners are the estimated 800,000-900,000 private forest owners (PFOs) in the Republic of Serbia and the 20 or so PFO associations (PFOAs). More detail on PFOs are given in Annex 5.

40. The Project Agreement for this 4-year GEF-financed project was signed on 18 February 2018<sup>14</sup> and the project became operational and officially started (EOD) on 19 February 2018. A national inception workshop was conducted on 18 March 2018 and the Project Coordinator (PC), Mr. Predrag Jović, was appointed on 16 April 2018. Other members of the Project Management Unit (PMU) were employed shortly after this. A significant number of national consultants (15 were identified in the project inception report), as well as several international consultants (6), have been contracted to deliver the project implementation.

41. The project's official end date (NTE) is 31 December 2021 but due to various delays including slow recruitment of consultants and constraints imposed by the Covid-19 pandemic, (see Efficiency section below), the project is estimated to be approximately 12 months behind schedule.

42. Total project financing amounts to USD 29,454,799 over the four-year implementation period. This is split across three GEF-6 Focal Areas: Biodiversity - USD 654,932; Sustainable Forest Management – USD 1,091,552; and by far the largest contribution from the Climate Change Mitigation focal area – USD 1,528,174. Co-financing amounts to USD 26,180,141 (89.9% of total financing), out of which 61 % in classified as 'cash', provided by the MAFWM, Forestry institutes, National Park Administrations, Public Forest Enterprises, the Forest Chamber as well as FAO. The GEF funding amounts to USD 3,274,658 (11.1 % of the total financing).

## **2.3 Theory of change**

43. An outline of the project's Theory of Change (ToC) is set out in the Project Document that identifies the project's outputs, its expected outcomes and some longer-term outcomes. This was reviewed by the MTR and found to be incomplete. For instance, it presents a weak analysis on key stages in the causal

<sup>14</sup> The project was approved by PPRC on 20 Oct 2017, achieved GEF CEO endorsed on 4 December 2017, and signed by the Government on 15 December 2017.

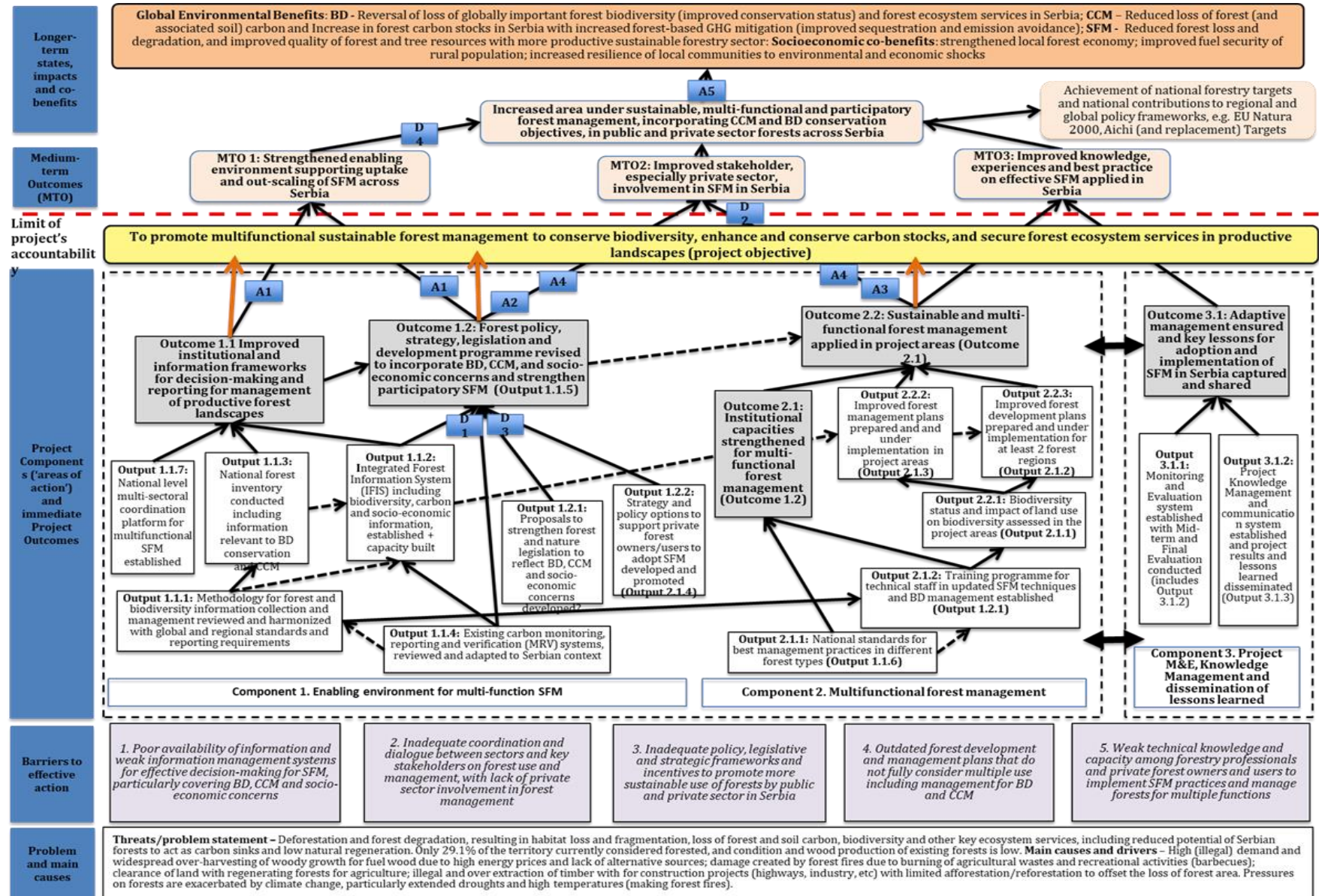
logic particularly from the project's immediate outcomes to the final desired long-term environmental impacts and co-benefits (the original ToC only shows the 'project impact' and 'long-term dynamic balance'), and many of the key linkages between the project elements (outputs and outcomes) are missing. The ToC graphic also lacks identification of key drivers and assumptions<sup>15</sup> that influence (positively and negatively respectively) the likelihood of achieving the project's desired results. In addition, the Project Document does not present a narrative for the ToC which is customary, and colour scheme used in the ToC graphic is also confusing and its meaning not explained in the project Document. The ToC was therefore reconstructed and then discussed and updated with feedback from interviewees gathered during the MTR.

44. The project's causal logic focuses on removal of key barriers to achieving widespread SFM that takes a multi-function approach and incorporates BD and CCM as key aims (see list of barriers above). Each component is intended to address one or more of four barriers identified during the project design stage (see Project Document for details).
45. The revised ToC (Figure 2) shows that there are any more linkages between project elements than originally depicted and that many outputs are dependent on the successful delivery of other outputs. In particular, Component 2 (largely capacity building for SFM and updating of forest management plans) cannot be effectively delivered without inputs from Component 1, and notably relies on results from outputs related to development of methodology (Output 1.1.1), the IFIS (output 1.1.3) and the NFI (Output 1.1.2). This indicates a risk in that slow or non-delivery of the elements under Component 1 can delay the rate of delivery of Component 2.
46. The structure of the project and its key aims would be better understood (and communicated) if some of the outputs and their associated activity sets were reassigned to other outcomes and components. For instance, project efforts to strengthen the 'enabling environment' (treated under Component 1) would be more effective if all relevant project elements were grouped together. So Output 2.1.4 '*Strategy and policy options to support private forest owners/users to adopt SFM developed and promoted*' would be better located under Component 1 as it largely relates to policy and strategies to promote wider adoption of SFM which is dealt with under Component 1. Indeed, in the MTR's opinion, this set of project aims and activities dealing with policy and legislation would be better treated as a separate outcome as, unlike other project outputs their achievement is not completely under the control of the project (adoption of policy and legislation requires approval from many individuals/groups within government).
47. Similarly, Component 2 essentially deals with building capacity for multifunctional SFM, expressed as updated forest planning documents (FDPs and FMPs) and would be easier to understand and communicate if all capacity development related activities were treated under this component. Consequently, it is **suggested** that both original Output 1.2.1 '*Training programme for technical staff in updated SFM techniques and BD management established*' and Output 1.1.6 '*National standards for best management practices in different forest types*' are moved to Component 2 as these form key foundations for the project's capacity building efforts. In the revised ToC, Component 3 is considered as essentially a support component to scale up project successes, lessons and knowledge generated to national, regional and global levels.
48. It should be noted that the reconstructed ToC identifies a number of assumptions that particularly operate at higher levels in the causal logic (beyond achievement of the immediate project outcomes). The Final Evaluation team should examine these as they may impact sustainability of project results (see Sustainability section below).

<sup>15</sup> **Assumptions** are the significant external factors or conditions that influence the ultimate realization of a project's outcomes and impacts, but are beyond the immediate influence of the project, for example, the turnover of government officials, the global financial situation or severe weather. **Drivers** are significant external factors, which, if present, can contribute to the ultimate realization of project outcomes and impacts and over which the project, or its stakeholders/partners, has (or could have) some degree of control or influence, for example, public pressure on decision-makers or market demand for a sustainable product.



Figure 2 - Reconstructed Theory of Change



## Key to reconstructed ToC

Original project output/outcome numbering given in parentheses. Solid arrows represent strong linkage; dotted arrows less direct linkage.

### *Assumptions*

- A1: Key government institutions continue to see value in cross-sectoral collaboration on forest management (e.g. sharing of information) and mainstreaming of BD and CCM considerations into multiple sector policies and plans
- A2: Key stakeholder groups (Government agencies, academic institutions, private forest owners and users and forest community groups) are willing to engage in participatory multi-functional management of forests
- A3: Continued commitment by government authorities (political support, staff, financial resources, etc.) to ensure sufficient capacity of forest managers, owners and users to deliver SFM across Serbia
- A4: Private sector forest owners and users are willing (or can be encouraged) and are capacitated to adopt SFM practices, including through tangible benefits and skills development actions, and they are willing to accept any restrictions that would apply to their current activities
- A5: Future climate change impacts will not irreversibly affect the structure and functions of ecosystem services in forest landscapes in Serbia

### *Drivers*

- D1: Increased awareness and concern among policy-makers, scientists, civil society, and private forestry sector about the negative impacts of climate change on Serbia's environment and the need to adopt resilient, climate adaptive development solutions
- D2: Increasing national, regional and global demand for sustainable sourced (certified) forestry products providing supportive market
- D3: Regional commitments and initiatives, such as the need for Serbia to meet EU Natura 2000 criteria, facilitate increased Government resources for sustainable management of forests
- D4: International legal obligations, such as national commitment to EU programmes, SDGs, CBD, UNFCCC and UNCCD, will sustain the prioritization of the SFM in the national agenda during project implementation and beyond

### 3. Key findings and MTR questions

#### 3.1 MTR question 1- Relevance and ownership

**Finding 1.1.** The project is in line with national forestry policy priorities, help meets some of the objectives in the draft (2019) National Climate Change Strategy and meets key priorities of the Directorate of Forests to update the National Forest Inventory (NFI) and develop an integrated forest information system (IFIS). It also aligns well with FAO strategic objectives for the country and region (notably global SO2 and Regional Initiative 3) as well as GEF Focal Area objectives, namely BD-4, CCM-2, and SFM-2.

**Finding 1.2.** In terms of ownership however, the project is largely ‘owned’ by the Directorate of Forests with little sense of ownership among the other project partners, and it has very little engagement with private forest owners or users.

*Relevance (Satisfactory, particularly at national level)*

49. Although the forestry sector’s contribution to the national economy is relatively small (2.6% of GDP), it does provide important products and employment such as wood for the country’s timber and paper industries, and wood and non-wood products that are important for the fuel, food and economic security of rural communities living in and around forest areas. The forestry sector is also one of the three main sectors to be addressed in the draft national Climate Change Strategy (drafted 2019 but not yet approved at Dec 2020). This sets out a number of strategic objectives with targets which concern forestry, which is highlighted as one of three important sectors for its potential contribution to CCM. Most important of these is specific objective 3 - *Increase the carbon sink in the Serbian Forest by 17% by 2030 and between 22% and 132%<sup>16</sup> by 2050, compared to 2010*. Suggested actions to deliver this include: (i) ‘close to Nature Forest Management and Climate Smart Approach to Forestry’; (ii) ‘conversion of coppice to high forest’; (iii) ‘regeneration of over-mature stands’; and (iv) ‘research, training and awareness raising programme for the enhancement of the carbon sink and of the resilience of the Serbian forest to climate change’. Specific Objective 4 - *preserve the potential of mitigation measures by increasing the resilience to climate change of priority sectors* – identifies ‘Afforestation using site mapping and tree species adapted to climate change (integrated with the mitigation measure on afforestation)’ and ‘Change of forest management practices toward close to nature forest management approach (integrated with the mitigation measure on forest management and Climate Smart Approach to Forestry)’ as measures to be implemented. The project seeks to address many of these recommended measures through Components 1 and 2.
50. The project’s activities relating to the National Forest Inventory (NFI, under Output 1.1.3) and Integrated Forest Information System (IFIS, under Output 1.1.2) are viewed as particularly important as they will provide improved updated information to support decision-making on forest management. These along with other elements of the project help meet priorities set out in the Forestry Strategy (2006), and it supports the work of the PEs which are tasked with managing forests at the regional level, including advising PFOs on forest management. The project is also designed to help meet Natura 2000 requirements in forestry management.
51. From the global perspective, the project’s overall objective to ‘promote multifunctional sustainable forest management to conserve biodiversity, enhance and conserve carbon stocks and secure forest ecosystem services in productive forest landscapes’ aligns well with FAO strategic objectives for the country and region (notably global SO2 - Increase and improve provision of goods and services from agriculture, forestry and fisheries in a sustainable manner, and Regional Initiative 3: Sustainable Agriculture and Natural Resources Management in a Changing Climate) as well as GEF Focal Area objectives, namely BD-4: Mainstream biodiversity conservation and sustainable use into production landscapes and seascapes and sectors, CCM-2: Demonstrate systemic impacts of mitigation options and

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16 The increase necessary to achieve target of 41% of forest cover as set by Spatial Plan of Republic of Serbia

SFM-2: Enhanced Forest Management: Maintain flows of forest ecosystem services and improve resilience to climate change through SFM. The project's support for capacity building to private forest owners and users, which are expected to particularly benefit women and rural communities, is also in line with GEF and FAO policies.

52. Although the NFI would ordinarily have been considered as a core (baseline) national-level activity with a limited Global Environmental Benefits (GEB) and not attract direct GEF funding, the addition of the BD and CCM elements to the NFI makes it more relevant globally.
53. The project also complements several existing initiatives notably the Natura 2000 project and academic research into the impacts of Climate Change being carried out by the Institute of Lowland Forestry and Environment, although there is little linkage with other projects (see Stakeholder and Partnerships section below).

#### *Ownership (Moderately Satisfactory – limited and could be improved)*

54. Ownership of the project largely rests with the DF, and indeed some interviewees viewed the project as a DF project, not as an FAO or even a joint project with FAO. The project has a low profile within Government and there has also been very limited or no involvement to date of other relevant institutions, such as the Nature Conservation Institute, Private Forest Owners (PFOs), and several of the main co-financiers (see Stakeholder and Partnership section below), with, for instance, limited representation of non-forestry state sector institutions on the IFIS Working Group. This indicates narrow ownership of the project.
55. The main Government interest at the design stage centered on measures to improve management of state-owned forest lands. According to interviewees, the inclusion of the PFOs/PFOAs in the project came late in the project design period and originated from FAO and the international design consultant. However, to date there have been very low levels of participation or inclusion of PFOs and PFOAs in the project so there is a particular question over the 'ownership' of the PFO/PFOA element of the project. The overall sense is that the project is owned by and largely benefiting the state forest sector.

### **3.2 MTR question 2 – Effectiveness**

#### **3.2.1 Progress on delivery of project outputs**

##### **Component 1 - Enabling environment for multifunctional sustainable forest management**

56. Most of the project focus to date has been on Component 1 and particularly field survey methodology (Output 1.1.1), the NFI (Output 1.1.3) along with the development of the IFIS system (Output 1.1.2).

**Finding 2.1** – The methodology for the new NFI has been expanded and improved but additional information on the BD other than trees is limited (largely easy to identify flora and a selection of invasive plant species) and values for CCM are likely to be underestimates because of only partial assessment of below-ground carbon stocks. Collection of NFI field data should be completed by the end of the 2021 field season. The new NFI represents a significant achievement and an important step forward for improving the sustainable management of Serbia's forests, and those involved should be applauded.

Output 1.1.1 - Methodology for forest and biodiversity information collection and management harmonized with global and regional standards and reporting requirements

57. The project has updated the methodology for the NFI which improves on that of the previous NFI undertaken in 2009, with more forestry- and BD-related data collected. However, there was a lengthy debate within the project BD/Methodology and NFI teams on how much to expand the framework for

the new NFI, particularly the extent to which BD information should be collected, and there was criticism of aspects of the updated methodology by some non-forestry institutions (e.g. NCI). In the end a compromise was adopted, based on the NFI 2009 model but with additional elements added based on Forest Europe methodology. It is not clear to what extent the results of the MRV review (Output 1.1.4) have fed into the design of the activities to deliver the output to ensure data collection for carbon monitoring and CCM reporting was 'harmonized with global and regional standards and reporting requirements', but interviews suggested very little (see Output 1.1.4 below).

58. Out of c.250 possible measurements to be collected for each NFI plot, around 50 directly relate to biodiversity beyond trees (which would be recorded in a traditional NFI). These include the presence of fungi, mosses and lichens, significant plant species and key habitats (biotopes), particularly important trees for biodiversity. However, there is no systematic collection of data on forest fauna and only limited information on flora (a focus on tree species and a few easily identified plant species, including some invasive species)<sup>17</sup>. This is largely in response to seasonality issues particularly flowering herbaceous plants, insects and migrant birds that only appear (and thus can only be recorded) at certain times of the year, and the difficulty of identifying some animal groups, especially insects. Disappointingly, there was no systematic surveying for Red List species. According to interviewees, there was a lack of resources to employ biologists in field teams. The MTR understands that to address this the project will identify key forest biotypes (habitats) and extrapolate species composition, abundance, etc using remote sensing tools to identify forest plots/areas of likely high BD conservation value. However, such analysis has yet to be carried out, so it is not clear how robust and useful this approach will be.
59. The BD-related information collected from the field surveys could be improved if a field biologist is included in each survey team or (less effective) if greater training in the identification of key BD priority groups is given to the forest engineers on the survey teams. Also, it is suggested that field biologists from the Natura 2000 project and the NCI who will employ field biologists to survey sites for BD across Serbia are invited to project training events for the FMPs (planned for spring 2021) and to participate in some of the survey teams for 2021. Whilst it is probably too late to include field biologists in the remaining NFI surveys, they could be included in the survey teams for the 6 pilot FMPs planned for 2021.
60. Less attention has been paid to the methodology and collection of data needed to identify measures for managing forests for CCM (and Climate Change Adaptation (CCA)). There has been much less focus on developing methods to assessing CCM, a reflection of the very limited CCM expertise in the project teams. Moreover, some forest engineers do not believe that CC impacts will be important or CCM should be a priority.
61. The approach to assessing CCM contributions is based on data on trees gathered from NFI plots (species, diameters, tree heights, etc), but without any direct measurements of soil carbon data which can be as important as above ground carbon. The MTR learned that forest engineers are only asked to "approximate" some soil characteristics at field sites, such as soil depth. Consequently, in the MTR's view, a major element of the carbon held in forests – underground carbon – is not being fully assessed and the total carbon storage of Serbia's forests is likely to be underestimated by the project<sup>18</sup>.
62. Some data does exist on forest soils in Serbia held by (among others) the Institute of Soil, but this is considered old (some more than 50 years old) and of poor quality and cannot not be used by the project to 'extrapolate' soil carbon figures for the NFI plots. The MTR understands that the project did consider undertaking detailed soil analyses as part of the NFI field assessments, but it was judged too expensive.

<sup>17</sup> One reviewer commented that 'the BD team suggested that each circle should be photographed and several high-resolution photographs should be taken. Then, the BD team will subsequently determine the presence of ground vegetation on the circles by reviewing the images.'

<sup>18</sup> A reviewer commented that 'The ground biomass (i.e. roots) is always calculated, in every NFI. As regards soil carbon, studies in other countries in Europe showed that soil carbon under forests does not significantly change over time and, therefore, forest engineers were only asked to approximate some soil characteristics for reasons of performance and consequently cost of the NFI. Calculation of cost of a full and proper soil sampling would have more than doubled the cost of the NFI (cost per plot NFI measurement is around 60 Euros; and cost of soil sampling and analysis would have been an additional 68 Euros) with limited additional gain in information. In view of the above, it was, therefore, considered more cost effective to calculate soil data as such data already exist for every soil type in Serbia.'

In the MTR's view, the project would benefit from advice from an international CCM expert and specific research on soil carbon in different forest types needs to be undertaken. The MTR **suggests** that the project consider collecting and analysing samples for soil carbon taken from a sample of 20-30 randomly chosen NFI plots for each of the 20 representative forest types identified by the project (and for which specific management Guidelines are being developed) to gain a better picture of below-ground soil carbon in Serbia's forests. This would be particularly useful information in deciding which species/forest types to promote for afforestation schemes on degraded or abandoned farmland if CCM is chosen as the priority use for the land (as opposed to timber or BD priorities), particularly if, as expected, international carbon markets develop over the next few years.

#### Output 1.1.2 – Integrated Forest Information System (IFIS) including biodiversity, carbon and socio-economic information

**Finding 2.2** – The IFIS is being developed based on an upgrade to an existing IT system (OSNOVA software) currently in use by the PEs, DF and National Parks with additional specialised modules being developed through the project. Delays due to decision-making and procurement have been significant and meant that this output is approximately one year behind schedule. 'The purchase of the core software was not covered as co-financing by the MAFWM-DF but to be bought from the GEF funds as it was not envisaged in the original project design that an existing 'off-the-shelf' IT software would be purchased<sup>19</sup>. There has been relatively little involvement of non-forestry partners in the development of the IFIS (notably an absence on the IFIS WG) with whom data (e.g. BD, climate change and socio-economic data) would be exchanged to check for full data compatibility. However, agreements on data exchange have been negotiated by the project with relevant institution.<sup>20</sup>

63. Work on the IFIS is advancing although slowly with a decision taken at the project's February 2020 Steering Committee (SC) meeting to purchase an upgraded version of an existing 'off-the-shelf' basic forest management IT package (Osnova2020) that will be expanded with a number of functional modules (probably 6-8). These modules will cover specific aspects of forest management, including forest management planning, BD conservation, etc., although no agreement has yet been reached on which modules are essential and the priority to develop. The existing system is estimated to cover around 70% of what is required for the IFIS. Overall, due to delays in decision-making and procurement (see efficiency section below), the development and roll out of the expanded IFIS is about one year behind schedule. Experience from many parts of the world shows that complex Government-led IT projects tend to be more expensive and take longer than predicted and overrun and there is concern that the IFIS and its modules may not be fully operational before the formal end of the project.
64. The software being purchased is the most recent version of a forest management system initially developed nearly 20 years ago<sup>21</sup> that has been updated and with various versions currently in use by PE "Srbijasume" and PE "Vojvodinasume" and other entities involved with forest management and its planning.
65. Much of the information on forest ecology and its biodiversity, socio-economic and ecosystem values in Serbia is scattered between institutions. The intention is to bring this data together through the IFIS and make it more widely available (for example for the general public through an internet portal). However,

<sup>19</sup> One reviewer commented that 'the Directorate does not have funds at its disposal for buying new IT hard- or software, and the forest fund budget which is at the disposal of the Directorate for co-financing project activities, does not allow purchase of IT hard/software either'.

<sup>20</sup> One reviewer commented that 'in the stakeholder consultations when designing the project, BD institutions publicly expressed their willingness to support IFIS by giving free of charge all DBs and maps and BD institutions are part of the SC to raise any issue in this respect. With the most relevant institutions a contract has been established by Directorate with support of the project which allowed for the first time in Serbia the free-of-charge use of all geo-spatial data between the contract partners'.

<sup>21</sup> One reviewer commented that 'All purchased software modules were developed during 2019/20, by redesigning and reprogramming previous versions. No one company was a user of that new package. In addition, the software „osnova2020“ represents a software package with the following applications: (i) Modules OsnovaNET and osnovaIN, for stand forest inventory and development of forest management plans; (ii) Marking trees for cutting, forest management projects and annual plans; (iii) Records of performed forest management activities; (iv) Forest health and forest protection monitoring.'

access to data held on the IFIS is still to be decided and will determine how useful and ‘integrated’ the system is. At present there is some reluctance to share data between institutions, even within the forestry sector. For instance, it is not possible to integrate all forest management data held by the two PEs into the current DF IT system as they have different system/software architectures. Specific policy and regulations/bylaws covering data sharing, ownership and use will be needed along with some form of ‘data ‘charter’ that sets out what the IFIS is to be used for, and by whom. The Strategic Management Unit of the DF is currently preparing draft regulations but even if these are approved there is still a need to communicate the benefits in sharing data to relevant institutions to build interest and break down mistrust. This should be considered as part of the proposed Partnership Strategy and the Communications and Knowledge Management Strategy recommended by the MTR (see below).

66. A Working Group (WG) has been established to discuss and guide the development of the IFIS, but as of December 2020 its membership comprised of almost entirely of forestry sector institutions (Directorate of Forests, Forest Faculty, NP “Tara”, PE “Srbijasume” and PE “Vojvodinasume”) and does not officially include any independent IT software expert (only on hardware) or representatives from other Government and non-government/civil society institutions or the commercial forest sector that possess information, databases and platforms that are expected to use and share data with the IFIS. For instance, individuals dealing with data processing/informatics from the Nature Conservation Institute, Statistical Office of Serbia, Geodetic Agency, and Natura 2000 project are not represented on the WG.
67. If the forest management system is to truly ‘integrate’ data for managing forests to deliver an expanded vision of SFM, it is essential that there is more cross-sectoral discussion and cooperation on the sharing of data and linking of institutional databases, which could begin by expanding the membership of the WG to ensure that data are fully compatible and can be manipulated (the MTR understands that most data is in the form of GIS/shape files). MTR interviewees reported a general ‘resistance’ to sharing data between institutions (Government, civil society and private sector) so a strategy for improving cooperation and collaboration on data to populate the IFIS and make it accessible to a non-forestry audience needs to be developed with letters of agreement between data sources to ensure cooperation and sharing. Without more attention to this cross-sectoral collaboration on data exchange and sharing there is a risk that the IFIS will be largely limited to forest management and lack the ‘Integrated’ element.
68. There have been delays in the purchase of software for the IFIS due to a variety of reasons, including:
  - i. A lack of clarity among project team and immediate stakeholders (DF, PEs) on what was actually required – the system/software specifics – and debates on whether it was better to select an existing system/software that could be modified/expanded to managing Serbia’s forest estate or to invest in a bespoke design built from scratch;
  - ii. A lack of independent IT expertise available in FAO REU to review the technical aspects of the proposed IFIS system and delays over technical review from the IT department at FAO HQ in Rome;
  - iii. The need to apply the more time-consuming FAO ‘direct procurement’ modality due to an apparent lack of suitable alternatives on the market so the usual competitive bid process was not applied;
  - iv. The need for a review and authorisation from FAO HQ Procurement Committee due to the need for a ‘due diligence’ process to ensure there was no conflict of interest in selection of the software as the private company supplying the IT software is staffed by former DF employees, as well as to ensure value for money, and;
  - v. A national IT consultant to advise on developing the specialised modules has still not been contracted<sup>22</sup>.

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<sup>22</sup> A reviewer commented that ‘the WG has been established and provided the list of functionalities for IFIS, and the national IT specialist translated the list into technical specifications for the procurement’.



69. The project has purchased unlimited licences for an unlimited time for the OSNOVA software. In other words, each project user (institution) of the software (DF, PEs, academic institutions, private forestry companies) will be granted a free license forever. In addition, the users also have maintenance support for one year, and a 5-year guarantee on functionality.

Output 1.1.3 - National forest inventory (NFI) conducted including assessment and collection of information relevant to biodiversity conservation and climate change mitigation

**Finding 2.3** – NFI field data is being collected and should be completed by the end of the 2021 field season, which represents a significant achievement and an important step forward for improving the sustainable management of Serbia's forests, and those involved should be applauded. However, in line with usual practice for collection of large data sets from the field (and the NFI methodology) the quality of the data still needs an independent quality check

70. Equipment and software for the NFI has been purchased and NFI field surveys are ongoing (restarting spring 2021) and producing data but they are behind schedule. The field teams comprise forest engineers but no BD specialists. A variety of reasons were given for this including: 'no one was available', 'there was no budget to employ biologists' (in addition to forest engineers), and 'biologists just aren't tough enough to do field surveys with forest engineers'. The MTR does not accept these as valid reasons.

71. By the end of November 2020, field surveys for the NFI had been largely completed for the Vojvodina region (estimated at 85%) but fewer had been completed for the Western Serbia region (estimated at 40%). The delays were due to periods of bad weather (a risk for any field work) and a temporary loss of members of field teams due to the Covid-19 pandemic, but the length of time needed for data collection was probably underestimated during the design phase, given the new expanded NFI system. At least one more field season is needed to complete the NFI surveys (and again dependent on weather and Covid), so the expectation is that all the NFI field surveys will be completed by end of 2021.

72. Following field data collection, some initial checking of the data (described as 'cleaning' to check for obvious mistakes) has been undertaken. However, feedback from field teams suggests there have been challenges with the new data collection system. For instance, it takes 15-20% longer to do the surveys compared to first NFI as there is additional information to collect, there is reportedly significant variability in field identification skills among individuals in field teams, and approximations (without measurements) have been made by some field teams to assess soils. This **suggests** that there needs to be a rigorous and independent quality check of the data collected which may require revisiting some NFI plots to repeat some measures. Without improved quality control of the data collected (and repeating surveys for plots that fail the quality check), it is impossible to be certain that the data collected is accurate, and the robustness of the NFI analysis and conclusions and subsequent guidance developed for policy and forest management (particularly at a strategic level) will be questionable. The MTR understands that the need for quality control is indeed part of the NFI methodology, but this should be undertaken independent of the NFI team and institutions involved. Generally, a quality audit would examine 5-8% of such a large data set (and if there is a 10-12% error then field measurements would need to be repeated). Consequently, the MTR **suggests** that such an independent quality control is undertaken on the NFI data.

73. Once the quality of the NFI field data has been checked, it will be processed, analysed (including mapping) and interpreted, but it is not clear which institutions(s) will undertake this (NFI team? BD team?), and whether the necessary capacity (trained staff, equipment including GIS systems, etc) currently exists within the project partners to undertake the work. The timetable for the analysis and reporting is also unclear - interviewees gave various estimates. Experience from the first NFI in Serbia and other European countries suggests that data processing, analysis and follow-up report writing may take 1-2 years after the field surveys are completed which would mean results are not available for 1-2 years after the project formerly ends. Apart from the uncertainty of who has responsibility and who will pay for this after the end of the project in December 2021, such a timeframe would delay and negatively impact the delivery



of many other elements of the project (see Theory of Change section). For instance, revision of the forest development strategy and legislation to strengthen multiple-use SFM in Serbia (under Output 1.1.5) and development of the regional Forest Development Plans (Output 2.1.2) are dependent on delivery of the NFI analysis.

Output 1.1.4 - Existing carbon monitoring, reporting and verification (MRV) systems, reviewed and adapted to Serbian context

**Finding 2.4** – The project has produced a good review of the current MRV framework for Serbia with suggestions for strengthening this. However, the recommendations from the report have not been followed up with no integration, as yet, into other project outputs such as being used to strengthen the forest development strategy, programme and legislation (Output 1.1.5).

74. A review of options for integrating a carbon monitoring, reporting and verification (MRV) system into the forest sector in Serbia has been produced (Božanić D. & Gasperić D. (2019). The report is a good, comprehensive review with analysis of information, processes, policies, documents and organizational structure relevant for MRV in land use, land-use change and forestry (LULUCF) or agriculture, forestry and other land use (AFOLU) sectors in Serbia and presents a proposal for a new MRV system for the forest sector.
75. However, there had been no follow up to the report up to December 2020 and no clear plan to do so. The results and recommendations from the report particularly need to feed into updating of forest strategy and legislation (Output 1.1.5) and development of the monitoring frameworks for the forest development plans (Output 2.1.2) and there was a proposal to integrate the MRV system into the IFIS (Output 1.1.2) which does not seem to have progressed very far. Unfortunately, the MRV experts who undertook the review, who would be best placed to advise on follow-up actions, are no longer involved in the project and not contributing to any of the project's IFIS Working Group and project teams.
76. The project's MRV activities are viewed as an outlier on the project, not well integrated, and have had a low profile both within and beyond the project. For instance, the Ministry of Environmental Protection, which deals with reporting on climate change measures and MRV issues, has not been closely involved in the work. There was also little interaction between the MRV consultants and the NFI or BD teams who were not consulted on the review and have been unaware of its results.

Output 1.1.5 – Forest development programme and legislation revised to incorporate biodiversity, climate change mitigation and socio-economic concerns

**Finding 2.5** – There has been very limited activity under this output to date, as progress requires on the results of other project outputs. The concern is that these will only be available at the very end of the project which will not leave sufficient time for this output to show results.

77. There has been little activity on output to date but it is planned to take place after IFIS and NFI related activities (Outputs 1.1.2 and 1.1.3) are completed which are unlikely before the end of 2021, the formal end of the project. Also delivery of this output also rests on the results from the review of incentives to encourage private forest owners and users to follow SFM practices (Output 2.1.4) which are also yet to be fully delivered (see below). It is also not clear what the final expected deliverable under this output will be as the indicator in the project's results framework (Annex 1 to Project Document) only gives 'one recommendation document available' as the end-of-project target which represents only the first step on the pathway to update the national forestry strategy and legislation.
78. MTR interviews revealed little interest in this output, reflecting a low ownership. Some interviewees questioned whether this output was a real priority as they did not consider forestry policy and legislation in need of revision to take into account BD conservation, CCM or socio-economic issues. There is no dedicated unit within the DF that deals with CCM (or CCA) for forestry management (or even a climate change unit within the parent MAFWM). Given development and adoption of new government policy,

strategy and especially legislation, generally takes several years and requires strong political support, it is unlikely that this Output will be delivered before the end of the project (Dec 2021). For that to happen, much greater leadership and at a higher level within the Ministry (possibly Secretary/Minister level) is needed. The MTR **suggests** that a specific Working Group to address the integration of the new multi-functional SFM approach (and findings of the project) into forest policy and legislation should also be established.

79. One critical issue that needs to be addressed with some urgency under this output is the need for new regulations/bylaws for the adoption and implementation of the new form of FDP (Output 2.1.2) and FMPs (Output 2.1.3) if they are to include BD conservation, CCM and socio-economic concerns. The MTR understands that the relevant bylaws are being drafted by the DF, and only need to be approved by the Minister to enact them. The MTR **suggests** that this is made a priority task for the DF to be completed by the end of July 2021. Until these bylaws are in place no FDP or FMP can be implemented. As mentioned above (see Relevance section), the draft national Climate Change Strategy (CSS) has a focus on the forestry sector. At present the project is not tightly aligned with the CSS (the project was developed before the CSS) and has little direct connection with the group leading on the CSS. Consequently, under this output the project should aim to feed its results into the further development and implementation of the forestry-related objectives of the CCS (once it is approved).

#### Output 1.1.6 - National standards for best management practices in different forest types

**Finding 2.6** – Twenty sets of useful forest management guidelines have been drafted covering all major forest types in Serbia, and represent one of the main deliverables of the project to date which represent a valuable capacity building deliverable. These focus on management for forestry but provide limited guidance on BD conservation (a common set of instructions for all 20 forest types) especially for active management to improve BD outcomes and present very little practical advice on management for CCM.

80. Initially, 16 sets of Guidelines were planned, which have been drafted. A further four guides have been added making 20 in total, which is to reflect the number of forest types encountered in Serbia. Each guide consists of 10 chapters with subjects covering current situation, economic characteristics, management strategy, target structure and composition for management, measures in case of disasters, and measures for forest providing protective functions. The Guidelines were reviewed by the MTR team and are considered valuable as a first iteration and represent one of the main deliverables of the project to date.
81. The focus of each Guide is on management for forestry but each Guideline also has a 9-page Addendum 'Biodiversity Guidelines for Management of Serbian Forests' that is common for all 20 forest types. However, practical advice on management for BD (in all forest types) is limited to one and a half pages and consists of: (i) checking existing data and information sources on known occurrence of protected species/habitats/areas and/or presence of microhabitats/key biotopes, and then recording these data on preliminary maps and/or in operational instructions; and then (ii) undertaking a Nature Value Assessment (NVA) of the forest stand in order to identify which zones and elements to retain during the forest operations, or which need active management for BD features. Specific elements which need to be preserved include: standing and fallen dead wood/dying trees; native shrubs; 'valuable biodiversity trees' (e.g. trees with high cover of lichens, mosses and/or fungi on stems, large trees with hollow stems, and those with nesting birds); and key habitats (biotopes) and/or with High Conservation Value<sup>23</sup>. Only very limited guidance is given on active management measures to enhance the biodiversity value of a forest stand, such as retaining a minimum number of dead or large trees per hectare, removal of invasive species and demarcating and retaining a functional buffer zone around the identified key habitats

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<sup>23</sup> According to the Guidelines, the key biotopes and high conservation values for Serbia, which must be identified and protected by forest management, include: High Conservation Values according to FSC; valuable structures and localities of strictly protected/protected species; forest habitat types defined by the national ecological network, Natura 2000 network or Emerald network; national protected areas.

(biotopes). There is no identification of priority forest species which should be the focus for active BD conservation measures that would then be incorporated into a FMP.

82. The Addendum also presents just a single page on 'climate adaptation/climate proof forest management'. This has only superficial advice on how to manage forests for CCM or CCA. The principal recommendation listed is to maintain forest cover and prevent clear cutting. There is no information for instance, on which are the best species for carbon sequestration for planting in areas targeted for afforestation or after clear-cutting, cutting regimes for maximizing carbon capture (whether a 10-, 30-, or 50-year cycle would be best), or the species most likely to be affected by climate-exacerbated water stress, heat waves or pest infestations, and should be avoided if replanting is required in a FMP.
83. As of December 2020, the Guidelines were still in draft form and needed to be reviewed by stakeholders. This list should include the PEs, major owners of private forests notably the Church, PFOAs, Institutes of Forestry (Belgrade and Novi Sad) and the major private forest sector companies operating in Serbia. The Addendum on forest management for biodiversity (see above) needs to be specifically reviewed and approved by the Ministry of Environmental Protection, NCI and the Natura 2000 project, especially as there appears to have been little institutional cooperation on the development of the Guidelines to date. For instance, involving the Natura 2000 team offers an opportunity to better integrate Natura 2000 concerns and management requirements into the Guidelines.
84. The Guidelines, once updated and finalised will need to be translated into Serbian. In their current form they are considered 'too academic' and need to be tailored for different target audiences, i.e. produced in different forms/media that can be easily understood and applied by forest engineers, private sector forestry, PFOs, etc. (see Component 3 on communications below).

Output 1.1.7: National level multisectoral coordination platform for multifunctional sustainable forest management established

**Finding 2.7** – A national-level multi-sectoral coordination platform for multifunctional sustainable forest management has not been established and there is little political interest from the DF to do so. Instead the project Steering Committee has been assigned this role but this is not the right forum for this. As a result, the project has been largely focused on forestry related issues and had limited input from other sectors despite the project objective to promote multifunctional SFM that considers wider ecosystem services and socio-economic issues. Only one Working Group (WG) out of the four identified at the project design stage has been set up. Instead, three 'teams' comprising the project BD/methodology, NFI and forest management planning have served the function of the WGs even though these teams comprise mainly project consultants. As a result, there have been less independent external technical advice available to the project than anticipated.

85. Forestry-related activities in Serbia are split between different public and private sector institutions, e.g. silviculture and forest management under the DF within the MAFWM, wood processing under the Ministry of Economy and with various academic institutes undertaking research and training on forestry and forest ecology under several different ministries, e.g. Institute of Forestry (Belgrade and Novi Sad) under the Ministry of Education, Science and Technology (MEST) and the NCI under the MEP. Consequently, the project planned to establish a national-level multi-sectoral coordination platform to improve communication, collaboration and coordination within the forestry sector (both public and private) as well as with relevant sectors on multifunctional sustainable forest management.
86. However, despite being identified as a specific output in the project document, a '*national-level multisectoral coordination platform*' has not been established and judging from MTR interviews there appears to be little official interest in doing so. The MTR also agrees that it would probably be better if an existing Government structure was co-opted. The DF's view is that the project's Steering Committee (SC) can serve the same purpose. However, this is mistaken; the SC operates as an oversight body for the project and only lasts as long as the project (in addition, it has weaknesses of its own – see below),

whereas the multi-sector coordination platform was intended to offer the opportunity to discuss challenges and issues in forestry and non-forest sectors that directly or indirectly influence management of forest landscapes, and to develop a common understanding and way forward for a broader, multi-function vision for SFM at a national level in Serbia. The platform was intended to have a wide membership and stakeholder involvement, with representatives from institutions from the private sector including the paper and timber industries as well as non-governmental/civil society organisations such as WWF and IUCN and local communities through PFOs/PFOAs. The platform is seen as particularly supportive for the delivery of Outputs 1.1.5 and 2.1.4 where the focus is on strengthening forest policy and legislation to reflect a wider multi-functional vision for SFM in Serbia, but also for raising awareness of the value and importance of multifunctional SFM, BD conservation, CCM (and CCA) and forest ecosystem services among both public and private sector audiences, and as a channel to promote and upscale project results within Government.

87. In the absence of political interest to create this platform, the MTR suggests an alternative option would be to input project results into relevant existing cross-sectoral platforms (not the project SC). Chief among these is the coordination group (hosted by the MEP) for the development and implementation of the draft national Climate Change Strategy which stresses the importance of SFM and is expected to gain Government approval at some point in 2021. The DF is already represented but the project should ensure that its results, especially on the role of SFM for CCM (and CCA) are highlighted and promoted among the group (again tied to Component 3 activities). As mentioned above, the creation of a dedicated Unit for CCM within the DF or MAFWM would also help support cross-sectoral communication and collaboration on multi-functional SFM.
88. Originally, there was an intention to establish four thematic Working Groups<sup>24</sup>, comprised of a range of (government and non-government) experts to advise on technical aspects of relevance to the project. Instead the DF chose to establish only one WG for the IFIS (Output 1.1.2) and three 'teams' comprising the project consultants (national and international). These teams are: (i) the BD team dealing with methodology (Output 1.1.1); (ii) the NFI team comprising three lead consultants (addressing largely Output 1.1.2); and (iii) the forest management planning team (dealing largely with Outputs 2.1.2 and 2.1.3), although the teams overlap and results from one feed into another. Whilst these three teams have provided expertise to the project, they have little or no interaction with project stakeholders which reduces the opportunities for independent external advice, guidance and cross-sectoral exchange. In addition, issues related to three of the four originally envisioned working groups on mainstreaming SFM into legislation and strategy, private sector involvement in the forest sector and capacity development and extension, have not been addressed and remain areas that have had little attention and real support to date by the project.

Output 1.2.1 - Training programme for forest managers, users and administrators in updated SFM techniques and BD management in productive landscapes established and implemented, including a training of trainers

**Finding 2.8** – Little training of forest managers/engineers has taken place to date, partly because it relies on results from other outputs being delivered (such as development of field survey methodology for the FMPs and completion of the forest management Guidelines), but capacity building activities are expected to increase in spring 2021 (depending on Covid-19 restrictions). Additional external support will probably be needed for BD conservation and CCM management training (especially the latter).

89. The training programme on SFM practices and BD management partly rests on the results from the design of field methodology (Output 1.1.1), the IFIS (Output 1.1.2) and the NFI (Output 1.1.3). As these have been delayed, and given the Guidelines (Output 1.1.5) are not yet finalised, there has only been

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<sup>24</sup> These were not fully defined at the project design stage, but according to the Project Document were likely to include working groups on: (i) forest information and data sharing agreements; (ii) mainstreaming SFM into legislation and strategy; (iii) private sector involvement in the forest sector; and (iv) capacity development and extension.

limited initial training under this Output, and so far only five forest engineers have received training. There is a proposal to train up to 16 forest engineers (10-12 participants for FMP training and 2-4 participants for FDP training) from the PE forest planning teams of the Western Serbia and Vojvodina regions in the application of new procedures but the workshops have yet to be organised. These would then provide training to other forest engineers working on the development of FMP throughout Serbia (a 'training of the trainers' approach to scale up capacity). The MTR suggests this initial number is increased to 30 to allow for turnover of staff and retirements.

90. Specific training on the BD requirement for field surveys needed to develop the FMPs (Output 2.1.3) and the FDPs (Output 2.1.2) is still underdeveloped and delivery has been limited, and requires additional input from BD specialists (from the project's BD team). Similarly, specific training on forest management planning for CCM (and CCA) has not been developed or even identified in training plans and needs to be given priority. There is a particular need to offer training to those individuals who will lead on the development of the FDPs - it is not realistic to expect forest engineers to compile a FDP given FDPs are a relatively new tool for forest management in Serbia and few forest engineers have direct experience of them. A planned excursion to the EU for trainees to learn how other countries develop FMPs and FDPs was cancelled.
91. The project's FMP and BD teams are expected to be involved in the training which is due to take place in early 2021. An agreement has also recently been signed with the Chamber of Forestry Engineers (Belgrade), which will be responsible for the organisation of trainings and the hiring of the trainers. However, given the Chamber is a newly created body and has little experience in organising such training courses, their selection for this role is surprising, especially given that the Kraljevo Forest Technical High School was expected to provide this support (and is listed as providing USD 713,000 of co-financing towards this, see paragraph 225 of the Project Document) and it is not clear why the Technical High School has been excluded from the project's training activities.
92. It is important that a mix of people with different backgrounds are trained, including people with experience in BD conservation, spatial planning, agricultural and rural development, water management, and private sector forestry in addition to forest engineers, and that multi-discipline teams are put together to develop the two FDPs. Given the lack of experience in Serbia with FDPs, it is likely that international trainers will be needed (particularly for how to best integrate BD, CCM and socio-economic concerns into the FDPs), and how to decide on trade-offs between different priorities in multi-function SFM.
93. The project is expected to provide some training to individual PFOs, although the selection criteria have yet to be decided. However, this will benefit only a very small number of PFOs so it is questionable what impact this will have on management of forests under private ownership, but certainly far less than for the state-owned forests where scaling up will be much easier.

## **Component 2 - Multifunctional forest management**

94. There has been relatively little activity under this Component to date, in part because some Outputs are dependent on delivery of results from Component 1.

Output 2.1.1 Biodiversity status and impact of land use on biodiversity assessed in the project areas

**Finding 2.9** – BD assessments of the two target regions have been conducted although these are based on previously published, relatively old, data and are considered incomplete – no new field assessment has been made by the project (although nature value assessments and habitat mapping are due to begin in spring 2021). No direct assessment of the impacts of forestry or other land uses on BD has been undertaken and is not what is required to support the project (weakness in the project design).

95. The title of this Output is misleading as the project is not undertaking an assessment of the impact various forms of land use – forestry, agriculture, industrial development, urban development, etc. – on

biodiversity (or even forest biodiversity) in the project areas. Rather the real aim of the Output should be to assess BD, CCM and socio-economic priorities in the target areas and their implications for forestry management under the new multi-functional SFM paradigm promoted by the project.

96. Basic BD assessments, in terms of what species and habitats are present, have been made for Tara National Park (24,992 ha) and Obdeska Bara protected area (19,667 ha). However, no new field surveys were undertaken by the project and the assessments were based on desk studies, mostly from pre-2013 studies and reports that are also likely to be incomplete. In addition, as yet there has been no analysis and agreement on the priority BD conservation, CCM or socio-economic measures for the target areas – either at the regional level (to be captured in the FDPs) or at the individual FMU level (captured in the FMPs).
97. BD-related data gathered during the NFI surveys will be used in the development of the FDPs (Output 2.1.2), but for developing the FMP (Output 2.1.3) additional forest and BD surveys are required. It is expected that the PE forest engineers will collect these data for development of the FDPs and FMPs.
98. The methodology for assessing forest BD and carbon storage for the FMPs has still to be fully decided, but it will be based on a Nature Value Assessment (NVA) methodology and habitat mapping approach, and draft manuals have been developed. Training on BD collection will be funded through the project but the MTR understands that the field surveys and data processing will be covered as standard FMP costs by PE (part of their co-financing contribution). Resources to undertake the field surveys (staff, equipment, vehicles, funds) have been identified and training is planned for spring 2021.
99. It is worth noting that some assessment of the risks to (impacts on) BD is already undertaken within the existing operational framework of “Srbijasume” and “Vojvodinasuma” (under requirements for FSC certifications), and by the national parks authorities in Serbia (under the Law of nature Conservation and obligations determined by the NCI) but this is baseline activity and not project-generated activity.

Output 2.1.2: Integrated and improved forest development plans prepared for at least 2 forest regions

**Finding 2.10** – No FDPs have yet been developed as other project results need to be delivered first (notably from Outputs 1.1.2, 1.1.3 and 1.2.1). Also, there is a question over how participatory the development of these regional plans will be as at present responsibility for their development rests with the PEs.

100. FDPs are 10-year forestry development and management plans that cover large areas of the country (there are 6 in Serbia). They are strategic national and regional level plans that examine forest functions and land usage. The FDPs have not yet been developed, in part because they are based on the results of the NFI for the target region.
101. MTR interviews revealed that this Output is not considered a priority compared to the NFI (Output 1.1.3), IFIS (Output 1.1.2) and the FMPs (Output 2.1.3). However, given they represent SFM organised at a landscape level they should be pursued by the project, but if they are to be delivered they will need to have greater high-level support from within the MAFWM.
102. According to interviewees, the two FDPs are unlikely to be completed before May 2022<sup>25</sup>, and would then need one year of implementation (to May 2023) before it is known whether they are likely to be successful. The MTR understands that no fieldwork is foreseen to develop the FDPs, instead their development relies on compiling information from databases (the planned NFI and FMP databases within the IFIS should play important roles) then applying spatial analysis which will require access to GIS facilities. Up to December 2020, there were ongoing discussions between the project’s BD and FMP teams on the extent to which BD (and CCM) considerations should be included in the FDPs (and FMPs), with the latter group trying to minimise the requirements for BD (which are also largely the requirements

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<sup>25</sup> One interviewee thought that they could be completed sooner, although other interviewees thought it would take up to two years to develop each FDP.

for Natura 2000). The view of the two PEs involved in the project is that including BD considerations will make development of the FDPs more time consuming and cost more. This calls into question whether the project's objective to '*promote multifunctional sustainable forest management to conserve biodiversity, enhance and conserve carbon stocks and secure forest ecosystem services in productive forest landscapes*' (MTR underlining) is truly considered a priority by some involved in the project.

103. In addition, the new FDP framework, which requires consideration of BD, CCM and socio-economic concerns, will require a new regulation (bylaw) issued by the MAFWM (approved by the Minister) before each FDP can be implemented. Without this bylaw, the maximum the project can directly achieve are draft FDPs. Consequently, it is essential that development and approval of the relevant regulations under Output 1.1.5 are undertaken as soon as possible – this should be treated as a priority by the MAFWM.
104. PE staff will lead the development of the FDPs. It is not clear how much wider stakeholder input there will be, including from private forest owners, the commercial forestry sector and other land users such as agriculture and rural development and BD conservation sectors. The process to develop the FDPs needs to be made more participatory involving the major forest owner/user stakeholder groups within the target regions, including PFOAs, PFOs with large forest areas, including church authorities, and private sector forest companies operating in Western Serbia and Vojvodina, and not just confined to PE and DF staff.
105. It is also not clear how predicted changes to forest ecosystems in Serbia due to climate change, such as increased risk of pest infestations, droughts and diebacks, will be built into the FDPs and what consequences these have for the management of BD and CCM as well as future use of forests by rural communities. These should be examined as part of the process of developing the two pilot FDPs.

#### Output 2.1.3: Forest management plans implemented

**Finding 2.11** – Six FMUs have been selected for piloting the new FMP approach, but field surveys have yet to begin. All 6 FMUs are on state-owned land and two of these are within protected areas. None of the selected FMUs are on private or municipal land. Locations for the 16 plots to demonstrate sustainable forest management have been selected, and again, all are on state land, but the demonstrations have not yet been set up.

106. As of December 2020, no FMPs had been developed but 6 Forest Management Units had been selected to pilot the new FMP approach. All are on state land with one of the six areas included within the boundary of Tara National Park and one within Obdeska Bara Protected Area. Some assessment of erosion risk has been undertaken at the sites (independent of the project) but mapping of other features including BD values, forest function, and Natura 200 restrictions have yet to take place (again anticipated to begin in first quarter 2021). It is expected that remote sensing tools will be used to support the management planning process for the FMUs, integrating with a forest management module within the IFIS (Output 1.1.2).
107. However, the FMP framework is weak on active management to actively promote BD, although BD data will be collected through the NVA and habitat mapping, and there is very little focus on management measures directed at maximizing CCM or identifying and promoting wider socio-economic values and benefits. It should also be noted that changes in proposed forest management regimes are likely to involve trade-offs. For instance, allowing coppice woodland to mature to old growth forest may increase overall biodiversity in terms of species richness (late stage succession species) and increase the amount of carbon stored in forest, but it will lose those plant and animal communities associated with coppice (early stage succession species) as well as the source of much of the wood taken by local communities for fuel. At present the focus is still very much on management for forestry/silviculture. To date, the project does not appear to have developed a framework for addressing these trade offs between different potential functions of the forests and the MTR **suggests** this is given attention in the remainder of the project.

108. Given the project's objective is to promote multifunctional sustainable forest management to conserve biodiversity, enhance and conserve carbon stocks and secure forest ecosystem services in productive forest landscapes greater consideration needs to be given to ensuring that these elements are fully considered in each FMP. Consequently, under a 'multi-functional SFM' model the FMPs need to consider active management to improve BD conservation status and increase CCM (and CCA) potential, not just following a passive 'put a fence around it and leave it alone' conservation approach, as well as opportunities for rural development, tourism/recreation, water management, provision of non-timber products important to local communities, as well as other ecosystem services, in addition to management for forestry. Consequently, greater consideration needs to be given to the trade-offs between different priorities and a transparent framework for deciding which priorities apply both within and between FMUs.
109. As for the FDPs, it is not clear how key stakeholder groups will participate in the process to develop individual FMPs, and whether project resources will be made available for them to do so. Of particular concern is the lack of involvement of PFOAs and PFOs - none of the 6 pilot FMUs contains any privately owned forest land. It is **suggested** that an additional 4-6 FMPs are developed (taking the total to 10-12) but these are located on forest land under private ownership to test how the new FMU model could be applied to the half of the Serbia forest estate that is under private ownership. The Nature Conservation Institute also needs to be more closely involved in the development of the individual FMPs as they have legal requirement to assess draft FMPs to ensure that BD is properly considered and that there are no major impacts on BD. In addition, the Natura 2000 project should be invited to participate in the field surveys of pilot FMPs to expand the BD data that is collected and ensure that the FMPs are developed in accordance with Natura 2000 requirements.
110. The locations for 16 plots to demonstrate SFM measures have been identified but are yet to be fully surveyed and marked in the field (this is scheduled to begin in spring 2021). Again all 16 plots are in state forests; none include private forest areas. The project needs to ensure that PFOs and PFOAs are invited to all awareness-raising/learning opportunities offered through these demonstration plots, and it is suggested that in some of the plots specific attention is given to developing demonstrations on sustainable management for NTFPs (fruits, wood for fuel, etc.) which is of importance to many PFOs, particularly women, both for food and energy security and economic reasons<sup>26</sup>. Given that the DF and PEs have limited experience in sustainable management of forests for NTFP it is suggested that international expertise is sought to develop the training and outreach materials to be targeted at the PFOs/PFOAs.

Output 2.1.4: Strategic and policy options to ensure commitment of private forest owners and users to sustainable forest management developed and validated

**Finding 2.12** – The project has delivered a helpful review on the use and socio-economic value of Serbia's forests. This is based largely on previous studies with some new material from interviews with individuals knowledgeable on forest use by private forest owners and users. However, the project has not produced a detailed proposal for the development of targeted incentives to encourage sustainable use of the forests by local communities and owners. Nor has it produced a budgeted proposal for an independent forest extension service, although the MTR understands there is little political interest in establishing such a body, and in the MTR's opinion this would be best addressed through a separate follow-up project.

111. This output addresses three separate sets of activities whose deliverables are identified as targets for the Output: (i) an action plan with recommendations to mainstream incentives to encourage PFOs to adopt SFM into national forest policy; (ii) a concept for a comprehensive forest extension service for private forest owners and users; and (iii) organisation of study tours for PFOs to other European countries

<sup>26</sup> For instance, local people traditionally collect mushrooms from the forests in autumn which are sold to private sector merchants, including buyers from other European countries, such as Italy, who visit forest areas to purchase local forest produce.



to learn first hand how SFM practices are applied. From a project design point of view it would have made more sense if the first two items had been treated as separate outputs and the third incorporated into the project's general capacity building activities within Output 1.2.1.

112. To address the first deliverable, a background study on the '*Socio-economic perspectives of sustainable forest management and local development in Serbia*' was developed (Djordjevic-Milosevic, 2019). This provides a good overview of forests, forestry resources, their institutional and legal frameworks and management in Serbia, the contribution of forests to the economy and particularly the socio-economic value for rural communities, including useful analyses of value chains for the most important forest products. It also includes a brief analysis of potential incentives for PFOs to follow SFM practices.
113. However, the MTR feels that it would be useful to extend the study with more interviews with individual PFOs (more than the '20 knowledgeable individuals' undertaken by the author of the report) and leaders of PFOAs to get a better understanding of needs, challenges and incentives for supporting a shift to more sustainable management among PFOs. For instance, would encouraging a move from conifer to broadleaved woodland through a direct payment scheme or tax incentive work, or would better access to, and support for certification schemes, be more effective and in what situations? The project also needs to gain a better understanding of the views of PFOs to the new enhanced SFM measures proposed by the project. For instance, forest management measures for CCM might involve restricting cutting of wood for fuel wood in some coppice areas to allow growth to high forests which may not be popular with poorer PFOs reliant on coppice forest for wood for domestic fuel use.
114. Unfortunately, to date there has been no follow-up to this report with its significant set of recommendations. These need to feed into the projects actions to strengthen forestry strategy, policy and legislation frameworks under Output 1.1.5, support the development of the FDS (Output 2.1.2) and the FMPs and choice of what to present at the 16 SFM demonstration plots (also under Output 2.1.3). To develop a realistic and detailed proposal to support PFOs to move to more sustainable practices there needs to be more comprehensive information on the forest resources utilised and their use and value, especially for the non-wood forest products, such as forest fruits and mushrooms, along with a better understanding of the impact of current PFO activities on the forest environment, and how sustainable their activities are. Of particular value would be an assessment of the extent to which fuel wood is currently extracted and consumed by rural forest communities in the project's target areas and its impact on the forest environment (regeneration, age structure, etc.). A study on how different forest types should be managed for sustainable production of fuel wood/biomass would be useful, particularly if one of the aims of the current forest strategy is to move significant areas of old coppice woodland to high forest which could reduce opportunities for fuelwood for local communities. A more detailed examination of whether a certification scheme for forests on private land<sup>27</sup> should also be considered and would provide a contribution to meeting the project's stated aims of supporting PFOs/PFOAs (which have not been met to date – see Stakeholder section below). Consequently, it is suggested that the author of the report is contracted again to develop the report's recommendations further and the project developing a plan to ensure they are integrated into other project activities.
115. In the MTR's opinion, the project should also consider an economic valuation of the ecosystem services provided by Serbia's forests would be worth funding, examining a larger range of ecosystem services beyond simply the supply of timber and NTFPs, such as soil formation, pollination services, water supply, etc., as this would also raise the profile of the country's forests and the need to ensure SFM and therefore potentially increase Government budgets for forestry management.
116. The study by Djordjevic-Milosevic (2019) only briefly addresses the second deliverable above in that it identifies the need for a formal, comprehensive and properly funded forest extension service (equivalent to the agricultural extension services in Serbia) to support private forest owners and users. However, the report does not present a detailed proposal that sets out the legal framework, institutional structures

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<sup>27</sup> At present only state forests are certified in Serbia, there is no national standard for certifying private forest lands.

and operational arrangements, staffing and resources and financing needed to establish and maintain a forest extension service. In addition, unfortunately, there has been little direct engagement with individual PFOs or PFOAs by the project since implementation began (see Stakeholder section below) so it is not clear to the MTR if there is real continuing interest in establishing a forest extension service among PFOs. Also, MTR interviews suggested that there is little appetite for setting up a formal forest extension service within Government and it would need specific legislation to do this.

117. Consequently, it is **suggested** that the project undertakes a more complete analysis of the state of private forestry in Serbia (building on the study by Dordevic-Milosevic, 2019) and examine in more detail how private forests are managed, current institutional arrangements for PFOs and PFOAs, their specific capacity needs in terms of SFM for both timber and NTFPs from privately owned forest land, from which a more detailed and costed proposal for a forest extension service could be developed. This should present options and costs, including whether such a service should be provided through a public body (within the DF or Private Enterprise (PE) structures), established as an independent body, or whether such functions could be provided through private sector companies or by enhancing the institutional capacity of existing PFOAs to deliver support to their own members (with the support paid for from sale of wood and other forest products), or some mixture of these options. However, any proposal for a forest extension service MUST include active participation by PFOs and PFOAs. It is important that a more detailed examination is given to how women could benefit from any proposed activities, such as targeted financing, capacity building to develop specific forest product value chains, and any follow up project should have a specific focus on ways to better empower and benefit women, especially as the current project lacks this (see Gender section below).
118. In terms of the third deliverable for this output, the study trips for private forest owners were cancelled by the project and the budget reallocated, as they were not considered good value for money (they would only be able to target a very few individual PFOs/PFOAs). The MTR agrees with this decision.

### **Component 3 - Monitoring, Evaluation and dissemination of lessons learned**

119. Activities under this component largely relate to project management functions (M&E and internal communications) but also capturing and scaling up results, experiences, best practices and lessons learnt to wider audiences to generate knowledge and wider and longer-term impact.

Output 3.1.1: Monitoring system providing systematic information on progress in reaching expected outcomes and targets

**Finding 2.13** – A project M&E system has been established following that set out in the Project Document. Reporting has been satisfactory evidenced by regular FAO and GEF reports, but has presented a challenge in part due to some poorly selected and/or designed indicators. The MTR has been organised but started late due to Covid-19 constraints. The project's communications activities, such as the dissemination of key messages and results and capturing of lessons learned have been poor and need to be improved.

120. The project has established a Monitoring and Evaluation (M&E) system following that set out in the Project Document using the standard templates. The PC monitors project progress largely based on the workplan and completion of activities and delivery of outputs listed in the Terms of Reference (ToR) of consultants' contracts. Annual Project Implementation Reviews (PIR) required for GEF, and a 6-monthly Project Progress Reports (PPRs) required for FAO, are the main reporting instruments employed by the project. Those reviewed by the MTR were complete and detailed. Both require reporting on progress against targets set in the project's results framework (logframe). However, in the MTR's view, the assessment of progress (for outputs) and ratings (for project outcomes) for the PIR for 2020 are slightly inflated, although the MTR recognises that it is not easy for project teams to objectively assess their own performance and the scoring is partially subjective where indicator targets have not been fully achieved.

Reporting on outcome-level indicators has been particularly challenging as several of these indicators are not fully SMART (see M&E section below).

121. The project team has also faced difficulties with reporting due to in poor provision of information from partners, and often needed to chase partners for reports and updates on progress, especially on co-financing. This is in part due to the lack of understanding of the value of monitoring information for adaptive management and, according to interviewees, an attitude of 'it is only needed by FAO' and 'it's not important'. It would be helpful if FAO HQ or FAO REU put together a presentation on the need and value of M&E for project management and its importance for successful adaptive management that could be presented to partners at project inception.
122. The Project Coordinator in Belgrade had little experience of M&E (and none of GEF M&E requirements) when the project began. Whilst he has learnt 'on the job' the MTR suggests that the M&E aspects could be improved if he was offered a training course in M&E.

#### Output 3.1.2: Mid-term and final evaluation conducted

123. The MTR is currently in progress but late (largely due to Covid-19) and the Final Evaluation (FE) is planned for the last 6 months of the project. Budgets for both of these have been identified and are adequate. However, in the MTR's opinion, the budget for the FE is excessively high (USD 50,000) and the TR **suggests** that the budget for the FE should be reduced to USD 40,000, with the USD 10,000 saving reassigned to communications-related activities.

#### Output 3.1.3: Project achievement and results recorded and disseminated

124. As mentioned above, project results are reported on through the standard FAO and GEF reporting mechanisms, but beyond this there is little dissemination of project results. The project has no formal framework for capturing lessons learned, no Communications and Knowledge Management Strategy and Plan, and the main 'dissemination event' has been the two annual project SC meetings. Clearly, analysis and promotion of project experiences and results needs greater attention for the remainder of the project. More detail on project communications and knowledge management this is given in the Communications section below.
125. A summary of the progress on delivery of outputs to date is given in Annex 6.

### 3.2.2 Progress towards Outcomes and project objective

126. There are no mid-term targets for the indicators for any of the outcomes so progress has been assessed against the final, end-of-project targets.

#### *Component 1 - Enabling environment for multifunctional sustainable forest management*

##### Outcome 1.1 Improved decision-making in management of productive forest landscapes

**Finding 2.14** – The project's efforts to improve information (NFI, Output 1.1.3), guidance (Guidelines, Output 1.1.6) and tools (IFIS, Output 1.1.2) together with targeted capacity building (through training Output 1.2.1) should help to strengthen decision-making but these have all still to be fully delivered and their products incorporated into forest management decision-making and planning frameworks and tested in the field through the FDPs and FMPs.

127. The project's results framework gives three indicators to measure progress on this outcome: (i) Indicator CCM-9: Degree of support for low GHG development in policy, planning and regulations; (ii) Indicator

CCM-10: Quality of MRV Systems, and (iii) Indicator BD-4: Mainstreaming biodiversity into policy and regulatory frameworks.

128. The end-of-project target for the first indicator is '*CCM consideration reflected in sectoral documents and action plans, as well as forest development and forest management plans under implementation*'. This target is being addressed through project Output 1.1.4 (Existing carbon monitoring, reporting and verification (MRV) systems, reviewed and adapted to Serbian context), Output 1.1.5 (Forest development programme and legislation revised to incorporate biodiversity climate change mitigation and socio-economic concerns), and Output 1.1.6 (National standards for best management practices in different forest types) as well as two outputs under Component 2 - Output 2.1.2 (Integrated and improved forest development plans prepared for at least 2 forest regions) and Output 2.1.3 (Output 2.1.3: Forest management plans implemented). At the mid term point, there have been no changes to policy, planning or regulations to strengthen management for CCM promoted through the project, only preliminary results have been delivered. These include the MRV report which has been produced but not yet integrated into policy or planning frameworks, and the best practice guidelines for forest management which have been drafted but not yet reviewed (and guidance on management for CCM is weak (just one page of very general points which needs to be developed further (see Outputs section above)).
129. The NFI results and IFIS (Outputs 1.1.2 and 1.1.3) will inform the development of policy, planning and regulations but these have suffered delays and the expectation is that these outputs will not be fully delivered until the project's final year which will leave little or no time to integrate them into policy, planning and regulations (a process that often takes several years). The MTR suggests that the project at least follows up on the MRV report in 2021 to ensure that some mainstreaming of CCM concerns within forest policy and management is undertaken quickly. The other immediate action that needs to be addressed which would contribute towards meeting the indicator target is a review of current CCM measures within the forestry sector and measures to strengthen these based on international best practice and taking into account the recommendations in the draft national Climate Change Strategy Action Plan (2019). Results from this analysis could then be used to strengthen the guidance for management of forest types (Output 1.1.6) and the FDPs and FMPs (Outputs 2.1.2 and 2.1.3).
130. The second indicator for this Outcome (Indicator CCM-10: Quality of MRV Systems) has an end-of-project target of '*Strong standardized measurements processes established and implemented through NFI; reporting is widely available in multiple formats through IFIS; verification of information through IFIS*'. The project has funded a review of existing carbon MRV systems and a proposal to strengthen MRV for forestry for the Serbian context been developed but there has been no follow-up as yet (see Output section above). Although a set of standardised measurements for forest assessment have been designed (as part of Output 1.1.1) and are being applied in the field surveys for the new NFI it is not clear to what extent they integrate the recommendations of the MRV report. It is also unclear to what extent MRV recommendations have been integrated into the new FDP and FMP frameworks (Outputs 2.1.2 and 2.1.3). Also, given the IFIS is still to be established (although progress is now being made), reporting of measures and verification of information through the IFIS has not yet taken place (see Outputs section above). It should also be noted that the Ministry of Environmental Protection has responsibility for coordination on national climate change reporting but has had very little involvement in the project to date but clearly needs to be if an aim of this outcome is to improve reporting on CCM (see Stakeholder section below).
131. The third indicator for the Outcome (Indicator BD-4: Mainstreaming biodiversity into policy and regulatory frameworks) has an end-of-project target of '*Step 4 - Forestry: The regulations are under implementation in pilot areas because of clear guidelines and improved capacities of forest managers*'. Strengthened regulations have not yet been developed (under Output 1.1.5) but those for the new format for the FDPs and FMPs incorporating BD (and CCM) concerns were being drafted (as of Dec 2020). To date, 20 (16+4) sets of guidelines for management of different forest types have been drafted each with an addendum on BD and CCM although the latter need to be further developed (see Outputs section

above). In addition, the guidance does not currently address management for NTFPs which are important for private forest owners and users, and does not consider the value, role, and needs for management of the wider set of ecosystem services provided by Serbia's forests. In terms of capacity development for managing forests for BD and CCM these are still to be largely delivered (planned for 2021) and is dealt with more below.

132. If the Guidelines can be improved, with more detailed practical advice on active management to promote BD conservation and CCM priorities, and including guidance on sustainable management of both timber and NTFPs, then the project could make a significant contribution to improving decision-making in the management of Serbia's forests. Overall then, although not yet achieved, the project should improve decision-making through collection of an extended set of data on forests and their BD that should significantly update the previous NFI carried out in 2009. Also, once fully established and the additional modules developed and populated with data, the IFIS should provide a powerful decision-making tool for delivering multi-functional SFM in Serbia's state forests. This will be of most use for managing forestry operations in the state-owned forests; it is not so clear how the IFIS will lead to better management of private owned forest lands whose use is more complex, especially given that local socio-economic concerns such as management for NTFPs, recreation, tourism, etc, do not seem to have been included in the management Guidelines and PFOs/PFOAs have not been heavily involved in either the design or implementation of the project (see Stakeholder section below). However, consideration still needs to be given to what the targets should be for BD conservation and CCM within forestry policy and management and how to resolve the trade-offs between priorities.

#### Outcome 1.2 Institutional capacities strengthened for multi-functional forest management

**Finding 2.15** – The project is helping to build both individual and institutional capacity through increasing information (through the NFI surveys and Nature Value Assessments) on Serbian forests and its accessibility and usage (through the IFIS) to support more evidence-based decision-making on forest management, combined with targeted training workshops to improve knowledge and technical skills of forest engineers, which should strengthen planning for sustainable forest management at both regional (through FDPs) and forest management unit (through FMPs) levels. The development of improved methodology for field surveys, including better assessment of BD through Nature Value Assessment (but less so for forest carbon storage, especially below ground carbon) and tools (particularly the IFIS if it can link effectively with other non-forestry data platforms) should support the long-term capacity and more effective and broader SFM. To date, the state forestry sector has benefited most from the project's capacity building efforts with little effort directed at the commercial forestry sector or private forest owners and users.

133. The project's results framework gives only one indicator to measure progress on this outcome – 'public, private, academic and civil society institutions with increased capacities in SFM' - and its end-of-project target is '15 institutions with a higher ranking than baseline (TBD at inception)'. Unfortunately, a framework for assessing capacity was not designed at the beginning of the project (it was not done during project design period but left for project inception and no baseline was collected) and consequently, progress on building institutional capacity for multi-functional SFM against the outcome indicator and its end-of-project target cannot be measured.
134. Having said that, the project has a significant focus on improving both individual and institutional capacity through several of its elements, particularly through targeted training, provision of equipment and knowledge generation. Key institutes which have benefited include: PE Srbijasume, PE Vojvodinasume, staff from Tara National Park, members of the Forest Chamber and the Institute of Forestry Belgrade. The project's training workshops, covering methodology and data collection for the field surveys for the NFI and the FMPs, as well as targeted training for development of the FDPs, should help build capacity of forest engineers within the PEs and others who may be involved in the training (much of the training is scheduled for spring 2021 but will depend on Covid constraints). However, up to December 2020, training had only been provided for NFI field surveys. The project's 'training of the trainer' approach should help multiply up the project's capacity building efforts but it is not yet clear how

this will be organised or who will fund this over the long-term (once the project has finished). For instance, it might be worth building this into the curriculum for forest engineers of the Forest Chamber. Provision of field survey equipment by the project, and particularly the establishment of the IFIS (a key decision-making tool), expanding the current system with targeted modules, has also contributed to increasing the capacity of the DF and PEs to deliver enhanced SFM across the forest estate.

135. More generally, the project's efforts to update the NFI will improve information on the structure, growth, composition, biodiversity and ecology of Serbia's forests and carbon sequestration potential (above ground but limited below ground) which if properly communicated (this is where Component 3 is important) will help build awareness and knowledge of the value and sustainable use of the country's forests. An effective linkage of the IFIS with databases held by other agencies and initiatives hosting BD, CC and socio-economic data (e.g. NCI, Natura 2000 project) would support wider knowledge generation and capacity building efforts. However, the IFIS still needs to identify and set up agreements with data-sharing partners but to date non-forestry agencies are not currently represented on the IFIS Working Group (see Outputs section above) which hampers exchange. Similarly, the project-funded reviews of the MRV framework for Serbia (Output 1.1.4) and socio-economic dimensions of forest use by private forest owners and users (Output 2.1.4) also help build knowledge. Another project effort to strengthen capacity being developed is the establishment of 16 forest plots to demonstrate different SFM approaches in different forest types.
136. The 16 forest management demonstration plots are also expected to be a major capacity building contribution, especially to improve their SFM knowledge and skills of PFOs/PFOAs as these sites will be open to PFOs (and the public) across both Western Serbia and Vojvodina. Again, this project activity is still at an early stage with the plots selected but not yet operational, and training and awareness-raising activities (identification of key information and messages and display boards, etc.) not yet developed and will need external input and guidance from the Communications consultant (see Communications section below).
137. Unfortunately, project support for the establishment of a dedicated forest extension service which potentially would have offered significant capacity development support to PFOs/PFOAs has not made any significant progress beyond the confirmation of the need for such a service included within a wider review of socio-economic perspectives of sustainable forest management and local development in Serbia (Dordevic-Milosevic, 2019). To date no detailed, costed proposal for such a service has been developed and the MTR understands that there is little interest in Government to establish such a service.

## *Component 2: Multifunctional forest management*

Outcome 2.1 Increased forest area under sustainable and multi-functional forest management

**Finding 2.16** – There has been no increase in the area of forest under sustainable, multifunctional forest management to date, as the FDPs and FMPs to be developed through the project have yet to be delivered, adopted and implemented. Consequently, no GHG emissions have yet been avoided through the project (but this is not unexpected at the MTR point), and guidance on management of forests for BD conservation and CCM and to address socio-economic concerns still needs to be strengthened.

138. There are three indicators to measure progress on this outcome given in the project's results framework:  
(i) Indicator CCM-1: Total Lifetime Direct and Indirect GHG Emissions Avoided (Tons CO<sub>2</sub>eq); (ii) Indicator SFM-3: Area of sustainably managed forest, stratified by forest management actors (ha); (iii) Indicator BD-1: Area under which the project will directly and indirectly contribute to biodiversity conservation (ha.).
139. The end-of-project target for the first indicator - *1,784,288 tCO<sub>2</sub>eq direct emissions avoided* - cannot be assessed at the mid-term, but given that no FDPs or FMPs have yet been developed and no forest area is under a multi-functional SFM regime that has a specific focus on CCM, the project cannot be said to have

contributed yet to avoided emissions at the mid-term point. Furthermore, given project guidance on the management of Serbian forests for CCM has yet to be properly developed (Outputs section above), it is unclear what level of carbon sequestration (calculated over 20-year time frame) will be achieved by the project.

140. For the second indicator, the end-of-project target relates to the area of various sites under SFM, which include: State Forests (PE Srbjasume/Vojvodinasume, National Parks Tara and Fruska Gora), and private forests including church forests and those held by PFOs. Unfortunately, targets for individual sites were not identified at either the design or project inception stage so cannot be assessed. In addition, church-owned forests are not currently included in the project's activities and only very small numbers of PFOs are involved and improvements in sustainable forest management on areas they own are not being assessed by the project. Fruska Gora National Park has also not been engaged in the project to date in any meaningful way. However, the combined end-of-project target of 20,000 ha of sustainably managed forest (above the baseline, identified as zero) may be achievable for state forests. The 6 pilot FMUs selected for FMPs are all on state land and total more than 20,000ha. Given the interest from the PEs in this Output, the project should be able to develop all 6 FMPs for these sites before the project ends (assuming no major disruptions due to Covid-19 in 2021). However, in the MTR's opinion, implementation of these plans and multi-functional SFM approach before the project ends in December 2021 is unlikely, and a period to test the effectiveness of the new FMPs of, say, one year will not be possible before then.
141. It should be noted that all state owned forests in Serbia are considered already certified as sustainably managed (under a national Forest Stewardship Scheme designation), although the management regimes which apply under this certification do not include management for BD conservation or CCM or fully consider socio-economic priorities. However, no privately owned forest land is certified as sustainably managed under the national scheme. Consequently, the project could have more impact in promoting multi-functional SFM if it included more forests held under private ownership.
142. For the third indicator, there are two end-of-project targets – the direct area under which the project will contribute to BD conservation - 20,000 ha, and indirect area - 476,010 ha. The first target represents the area included within the 6 FMPs which, as discussed above, is likely to be achieved (originally 18,000ha was to be met from State lands and 2,000ha from church and PFO lands, but church and PFO are no longer included). The second target relates to the combined area of the two regions of Serbia – Western Serbia and Vojvodina – for which FDPs will be developed. As mentioned above, the MTR has doubts whether these two FDPs can be delivered before the end of 2021, and again, believes that a period of implementation of at least a year is needed to test the utility and effectiveness of these plans before the project can say it has successfully applied SFM across either regions (as FDPs) or forest management units (as FMPs). Critical to the delivery of this indicator however is the guidance given on how to manage forests for BD conservation. As noted above, (see Outputs section), the BD guidelines could be expanded as they give little emphasis to active BD conservation, e.g. the creation and maintenance of forests for priority high conservation value BD species or habitats such as increasing the area of suitable habitats for Red List birds or plants. Whilst it is recognised that such activities may not be within the remit or experience of the DF or PEs, it is for other project partners and relevant stakeholders, e.g. WWF and IUCN both of which have active BD conservation programmes in Serbia and could be invited to contribute their knowledge and expertise on BD conservation to the project.
143. Overall then, at the MTR stage it cannot be said that Outcome 2.1 – an increase in the forest area under sustainable and multi-functional forest management – has been achieved. Indeed, there has been no increase in area under multifunctional SFM through the project to date, but if the 6 FMPs and two FDPs can be delivered and have begun implementation then the project can claim it has achieved this outcome.

### Outcome 3.1 Adaptive management ensured and key lessons shared

**Finding 2.17** – The M&E system is operational with regular reporting, but no lesson learning yet and little dissemination of results due to limited project progress and most activities still not completed.

144. There is only one indicator to measure progress on this outcome given in the project's results framework: (i) M&E system ensuring timely delivery of project benefits and adaptive results-based management. This outcome essentially addresses project-management related issues, namely monitoring, reporting and evaluation and communication issues, which concern processes, and consequently does not represent an outcome in the same sense as the above outcomes which relate to changes in state or behaviours.

145. The end-of-project target for this indicator is an '*up-to-date monitoring and reporting on outcomes, outputs and activities*'. The M&E framework was established and became operational during the first few months of the project. There has been regular reporting on outcomes and outputs to FAO (every 6 months) and GEF (annually) and results from monitoring are fed back into adaptive management decisions by the PC and FAO staff particularly the Operations Specialist and LTO). However, there has been no 'lesson learning' exercise undertaken to date, and lessons have not been captured although this is largely a reflection of the few concrete results to date from which to draw lessons.

146. A summary of the progress on achievement of project outcomes to date is given in Annex 7.

### **3.2.3 Progress towards achieving project objective**

**Finding 2.18** – There has been little promotion or adoption of multi-functional SFM to date due to delays and slow progress. Most results are expected in the final year of the project. At present the project is largely seen as restricted to the state forestry sector and is viewed as essentially a technical rather academic project which limits promotion of the wider multifunctional SFM approach that also address broader socio-economic values of Serbia's forests, especially as local communities and private forest owners and users have not been significantly involved in the project to date.

147. The project objective - to promote multifunctional sustainable forest management to conserve biodiversity, enhance and conserve carbon stocks and secure forest ecosystem services in productive forest landscapes - has no indicators, either mid-term or end-of-project and therefore has no agreed objective measures to gauge progress. However, based on project results delivered to date (see section above on progress on project Outputs), it is clear that the project is still some distance from being able to 'promote' the expanded vision of multifunctional SFM outlined in the Project Document. As of December 2020, there have been few project results to 'promote' (reflected in the limited delivery of communications materials). Furthermore, the limited involvement of a wider group of partners and stakeholders beyond largely the DF and two PEs is likely to limit opportunities for 'promotion' of SFM and project results (see Stakeholder section below).

148. From a review of the project outcomes and their indicators and the Project Document it is clear the project was also intended to go beyond just 'promoting' a vision of multifunctional SFM, to its actual implementation. As noted above (see outcomes section), as yet there has been no actual movement of forestry practices to a multifunctional SFM approach that incorporates BD, CCM and socio-economic concerns. Most of the project's contribution to this will come through Component 2, particularly the development of the regional scale FDPs (Output 2.1.2) and following successful piloting of the new framework for the FMPs (Output 2.1.3), and through Component 1 in terms of the strengthening of forest strategy, policy and regulations under Output 1.1.5) using results from Outputs 1.1.2-1.1.4 and 2.1.4. These outputs are all expected to be completed in the next 12-18 months, but it is still too early at the MTR stage to predict to what extent multi-functional SFM will be integrated into the working practices of the forestry sector. Another uncertainty is how much of forests under private ownership will be moved



towards multi-functional SFM given the very low involvement of the private sector and PFOs/PFOAs in the project to date (see Stakeholder section below).

### 3.3 Efficiency - MTR Question 3

**Finding 3.1** - Efficiency of the delivery of project results has been mixed. On the one hand, the project built on previous experience and projects and programmes, e.g. the updating and expanding the previous NFI framework and the existing forest management IT system as the base for the IFIS. On the other hand, project began slowly and suffered several significant delays, including lengthy procurement over the purchase of the IFIS software, difficulty in identifying suitable national consultants due to the small pool of experienced experts, loss of consultants due to differences in opinion about fees/daily rates or expectations of higher national fees, and since February 2020 negative impacts due to the on-going Covid-19 pandemic. The MTR estimates that the project is 12 months behind schedule on some outputs and more on others (notably those dependent on the results of other project outputs).

149. The project was built on the results and structures of previous projects and programmes undertaken through the DF and others. This supported an efficient project design phase. For instance, the design of the NFI was based on the framework (and repeated much of) the previous NFI undertaken in 2009 (Output 1.1.3 essentially updates and expands the previous NFI). Similarly, the decision to use an existing forest management IT software as the basis for the IFIS (Output 1.1.2) with additional project-funded modules for specific tasks speeds up full development of the IFIS (as opposed to designing a bespoke system from scratch).
150. Other aspects of the project that have supported efficiency are the continued involvement of several key individuals in both the project's design and implementation phases, notably the PC, LTO and DF Director (who acts as the National Project Director). Thus the project began implementation with a core team that already understood the aims of the project and had established relationships with partner institutions, and knew which undoubtedly saved time.
151. The project officially began on 19 Feb 2018 but it took 6-7 months to set up the office, financial management system, recruit consultants, etc, and the project did not begin activities in earnest until Sept 2018. The project has suffered from a number of further delays that have impacted project efficiency and caused a slow start to implementation. The project is an estimated 12 months behind schedule.
152. Initial delays were partly due to the lack of detail on how to implement project activities in the Project Document. This meant that the project was 'not in the shape to be delivered immediately upon starting'. Rather time was needed to 'translate the outputs' into specific activity sets which took several months and much discussion. It was particularly unclear how to implement the project activities related to involvement of PFOs, M&E and communications (which still need attention – see Communications section below).
153. There was also a necessity to go through FAO's due diligence process for the purchase of the base software system for the IFIS (Output 1.1.2) as the DF requested direct procurement rather than the competitive bid modality **that is the standard procurement method applied in FAO** (more details are given below). **Also, as it is a requirement that the software can be extended with additional modules at a later stage by any competent developer, additional technical information was requested from the company selling the software, which introduced delays.** In addition, as the proposal was to buy **the latest version of** an existing 'off-the-shelf' software (older versions were in use by the PEs and other organisations in Serbia involved in forest management and planning), the Procurement Committee in Rome HQ needed to assess the purchase to ensure it would meet FAO rules and requirements and 'due diligence' had been applied. Another delay related to procurement was the lack of FAO REU office staff who could assess the technical IT merits of the proposed IFIS system being requested and there was a very slow response to a request for review by the IT **Department** at FAO HQ.

154. FAO procurement processes were viewed as particularly demanding and there was no experience of FAO-GEF projects in the project team in Belgrade or the support team in FAO REU which meant that they had to learn new systems and processes which led to delays in the first 1-2 years of the project (this has now been largely overcome). For future projects, it is **suggested** that FAO-GEF Coordination Unit develop a reference manual and associated training course on GEF and FAO project administration processes for project teams at the project inception stage.
155. Delays were also due to slow contracting of national consultants, due in part to the small pool of suitable national consultants available, which limited choices. Many consultants in Serbia are academics doing part-time consultancy and have limited English which reduces their ability to interact with international consultants (who are required to speak English) and have limited experience of consultancy work. This has created problems on occasions. For instance, for the NFI (Output 1.1.3) there were only a very small number of people who could be considered as national consultants (using international consultants was ruled out), which led to the project becoming 'a hostage to individuals in this group' (as interviewees reported to the MTR), with demands that created delays. In addition, most consultants have also been on relatively short-term contracts that need to be reissued if the consultant is still required, which has introduced delays (often of a few months), while new contracts are being arranged. It would perhaps be more efficient if consultant could be offered a set number of days over the period of the project contingent on a satisfactory annual performance review<sup>28</sup>. The project's low profile and poor promotion (see Communication section) also meant that some national consultants and institutions that might have applied for contracts were not aware of the opportunities, and those chosen were largely identified and selected by the DF and project team, who tended to select individuals that they knew and had previously worked with (and were considered 'low risk').
156. The field surveys for the NFI and the FMPs are also dependent on good weather over the March-November period, so whether the NFI field surveys can be completed in 2021 will depend largely on weather conditions and the impacts of the Covid-19 pandemic.
157. The Covid-19 pandemic and its impact on FAO and project partner staff and operations have also created unexpected delays. Despite attempts by the project team and FAO HQ and FAO REU staff to mitigate risks and adjust to a constantly changing situation, including PE field staff catching the virus, the project is estimated to have lost several months to the pandemic.
158. Another issue that has affected efficiency and delivery of project results is the difference in capacity between project partners. Capacity also differs between the two PEs. For instance, the number of people in the Bureau of Management within the two PEs that could be trained to undertake the NFI field surveys is limited. There are currently 10 trained teams but all of these were utilised in 2020 so, despite the late start to the NFI field surveys, there was no opportunity to increase the number of field teams to make up for lost time. Delivery by the two PEs involved in the project has differed - PE Vojvodinasume has almost completed its NFI field surveys whereas Srbijasume still has the majority of its sites to survey (at December 2020). The capacity of project partners to undertake project activities was not assessed during the PPG phase, which is something that should be considered in designing future FAO-GEF projects.

### **3.4 Sustainability of project results - MTR Question 4**

**Finding 4.1** - It is difficult to judge the likelihood of the sustainability of the project's results at the mid-term stage as many activities are still preliminary, and no sustainability and exit plan has yet been developed (not unusual for the mid-term point).

**Finding 4.2** - There are several concerns and risks that can potentially affect whether results from the project will be embedded and continue after the end of the project, including institutional risks, such as doubts over

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<sup>28</sup> One reviewer commented that 'For the time being it is not possible as the corporate policy is that the maximum duration of the most common type of national and international consultancy contracts is 11 months (12 months for national project personnel type of contract but that is only applicable for a specific type of engagement for national of the country).'

the future home for the NFI database and IFIS (there are several options including the Institute of Forestry (Belgrade), Institute of Lowland Forestry and Environment (Novi Sad) and the Directorate of Forests (Belgrade)), insufficient capacity to scale up FDPs and FMPs); legal risks, including the need for specific regulations/bylaws for implementation of the updated FDPs and FMPs; and financial risks long-term funding for the maintenance of the IFIS and roll out of the FDPs and FMPs across Serbia once the GEF project finishes.

**Finding 4.3** - Another concern is how to cover the costs of the expanded multifunctional SFM that includes greater focus on management for BD conservation and CCM priorities and socio-economic values and benefits, given the DF's budget which is focused on forestry activities and is largely spent on forestry infrastructure such as forestry roads.

159. Given many project activities are behind schedule (mostly Component 1) and many are yet to properly begin (mostly Component 2) or have not been developed (especially for communication activities under Component 3), little consideration has been paid to the sustainability of project results and at the MTR point there is little concrete that can be concluded about sustainability. However, the MTR has some initial concerns and suggestions relating to sustainability. The key risks to sustainability of project results cover three areas – institutional, legal/policy, financial – and are discussed.

### 3.4.1 Institutional issues

160. The project is adopting a 'training of the trainers' approach to scale up the training on field surveys for the development of the new system for forest management planning (FMPs will incorporate updated forest assessment and monitoring, including greater assessment of BD, CCM and socio-economic dimension of forests) to try to ensure that even with staff turnover and retirements from the DF and PEs there will still be sufficient trained staff for expanding the process of producing FMPs (there are an estimated 560 FMUs that will eventually need updated, revised FMPs which will take some years). However, sustainability could be enhanced if the project makes the 'training of the trainers' courses available to representatives from the PFOAs and the commercial forestry companies. Ultimately, the project should expect to train a minimum of 100 individuals from key forest sector institutions in the new frameworks before the end of the project.

161. Scaling up and expanding the roll out of the new forest management frameworks to other forest regions and FMUs across Serbia will require funding and resources (especially staff). It is not yet clear how these will be secured, but if, as envisaged, it requires additional funding from central Government, then there also needs to be an advocacy campaign to promote the value of multifunctional SFM across Serbia's forest estate targeted at senior Government level, especially those responsible for Government budgets. This should be a key priority and activity set for the project's future communications work under Component 3 (see above).

162. In addition to training on new FMP and FDP systems, it is likely that developing and implementing the new expanded forest planning systems will require more staff time (so more staff) within the PEs which at present are tasked with delivering the FDPs and FMPs. Experience to date indicates that it will be more expensive to develop individual FMPs as more field time and analysis is needed using the new field survey methodology developed through the project (Output 1.1.1) compared to the existing system. However, the PEs are cutting staff so there is a risk that the roll out of FMPs across the two target regions and then the rest of Serbia maybe delayed or not completed.

163. Efficiency of managing forests is expected to be improved when the new IFIS system is up and running (at present outdated (Excel) datasheets are the main tool used for forest management), but there will need to be a capacity assessment built into the plan to scale up FMPs across Serbia that ensures that sufficient staffing and resource needs (vehicles, field equipment, etc). At present, it is not clear whether the extra demands on the PE and DF staff (increased time for field assessments, management of BD conservation priorities, additional work need to meet CCM and additional time for interaction with

PFOs/PFOAs to support socio-economic aims in individual FMPs, etc) have been properly considered. This issue needs to be addressed in the proposed 'Sustainability and Exit Plan' identified above.

164. There is also a question over the future institutional home of both the NFI database and the IFIS. The DF does not have the staff or resources to host these (and under current Government rules cannot easily employ new staff) and it will need to outsource the work. Consideration needs to be given to how these will be supported longer term (maintenance and updating, staffing, on-going training, financing, etc). The current proposal is to house the IFIS facility at the Institute of Forestry in Belgrade together with a core NFI team with fieldwork outsourced to the PEs. However, the Institute of Forestry is under a different Ministry (Ministry of Education and Science) to the DF, which means there needs to be a discussion at high levels in Government (probably Minister to Minister) and as of December 2020 no clear decision had been taken. There is also an offer to host both the NFI database and IFIS at the Institute of Lowland Forestry and Environment in Novi Sad. The future home for the NFI Database and IFIS needs to be resolved quickly as transfer of legal/institutional responsibility may require a new legal agreement between the main parties (Ministry to Ministry agreement) and possibly new bylaws with identification of central Government funding. There are also costs associated with the long-term maintenance of the IFIS that need to be identified, procured and agreed.

### **3.4.2 Legal issues**

165. In order to ensure that the new framework for the FMPs can be adopted and implemented by forest managers, a set of new regulations/bylaws needs to be developed and approved by the Minister, MAFWM. The Strategic Planning Group within the DF is currently drafted these but the timeline for their delivery is not clear. It is important that the regulations are approved as soon as possible in order for the pilot FMPs to be fully developed, approved and have achieved at least one year of implementation by the end of the project in order to assess their effectiveness and learn initial lessons on their application. Similarly, the adoption and implementation of the new proposed framework for the regional FDPs requires new regulations and specific bylaws, and may need changes to the current Forest Law, which should be a focus for the project over the next year (under Output 1.1.5).

### **3.4.3 Financial sustainability**

166. Another issue raised by several interviewees during the MTR is how an expanded vision of 'multi-functional SFM' that includes BD conservation, CCM (and CCA) and socio-economic considerations will be funded after the project ends. The current budget for forestry management (available through the DF's Forestry Fund) is very limited and its focus is on traditional forestry – silviculture, management for timber, fire prevention, etc. At present, there are no specific funds available to support active management measures for forest BD conservation or payment schemes for carbon sequestration for Serbia's forests to support CCM and carbon capture/storage aims. So there is a question over the economics of multi-functional SFM in Serbia and given the Government budget for forestry is very limited there are likely to be trade-offs. An economic valuation of the ecosystem services provided by Serbia's forests (both private and state owned) building on the project-funded study 'Socio-economic perspectives of sustainable forest management and local development in Serbia' by (Dordevic-Milosevic, 2019) would be a good start and should be undertaken by the project before its formal end with the results feeding into the sustainability and exit plan.

167. Similarly, it is not clear who will fund the IFIS after the FAO-GEF project ends and this should be a key issue for resolution by the IFIS Working Group and project's Steering Committee.

### 3.4.5 General

168. A 'Sustainability and Exit Plan' that would address how to fully institutionalise the project results and transfer ownership of project assets, e.g. the project purchased equipment, to partners has yet to be developed but the MTR **suggests** that a process to develop it should be initiated at the penultimate project Steering Committee meeting.

## 3.5 Factors affecting performance - MTR Question 5

### 3.5.1. Design and readiness

**Finding 5.1** - The project was developed by a relatively small technically experienced group but, although there was some early involvement in the project design process by a wider group of stakeholders, there was little direct input from some key groups such as the PFOs/PFOAs, the commercial forestry sector or the NGO community into project design. The project has a substantial degree of dependency in its design with many project elements dependent on the delivery of others first, particularly for Component 2 on Component 1 results.

**Finding 5.2** - The a lack of detail on how to implement outputs at the activity level in the Project Document, which was due to the short project design timeframe, the relative inexperience of GEF and FAO processes among the project team, and variable capacity among project partners to implement the project impeded the 'readiness' of the project to start.

#### i. Project design

169. The project was designed to be a multi-focal area GEF project to attract funding from the GEF Sustainable Forest Management, Biodiversity and Climate Change Mitigation focal areas under GEF-6. Project design began in 2016, early in the GEF-6 cycle. The project document was developed by a team of 6-7 national consultants experienced in forestry management with specific input from other consultants with experience in rural/community development and directed by an international consultant experienced in designing GEF projects. The LTO based at FAO REU in Budapest, a specialist in forest management, and the FLO based in FAO HQ in Rome, also provided good support during the design phase and drafting of the Project Document. Consultations were held with various Government, civil society, academic and private sector groups and interested partners. Although a well-attended stakeholder workshop was held relatively early in the design process there was no final validation workshop before submission of the Project Document to GEF and representation by PFOs/PFOAs was very limited and their views were not properly considered during the design phase.

170. Analysis of the project's Theory of Change (see Theory of Change section) indicates that many elements of the project depend on the delivery of others. This conditionality represents a weakness in project design. For instance, the IFIS (Output 1.1.2) cannot be fully populated with data before the NFI data (Output 1.1.3) is available and this creates additional risk, but also means that since the NFI is behind on delivery (see Outputs section above) and needs more time to complete a lot of other activities will likely only be delivered in the final months of the project. Other project results, such as the review and recommendations for updating of the forestry strategy and legislation (Output 1.1.5) and the development of the two regional FDPs for Vojvodina and Western Serbia (Output 2.1.2) are also dependent on the completion of the NFI (Output 1.1.3). Even if completed before the end of the project, these proposals will then require time and resources to promote them and ensure their adoption. At present there is no clear idea what will happen to activities that overrun the project's lifetime and funding (see Sustainability section above).

171. An additional weakness in the design of the project is that there are no significant linkages with the agricultural or rural development sector in forest areas (including tourism and recreation). There is little

experience with the Government forestry sector with such issues meaning that opportunities for broader 'multiple use' of forest lands which include abandoned farmland, and patches of mixed agriculture and forestry land, are not as developed as they could be in this project. Greater engagement with relevant groups within the larger MAFWM could help address this, including their representation on the project's Steering Committee, along with specifically considering the opportunities for rural development and linkage with agricultural development within forest policy under Output 1.1.5.

## ii. Readiness

172. There was limited experience of the management of GEF projects among the PMU in Belgrade or among the support team in FAO REU, which impeded the 'readiness' of the project to start. The PC for instance, had no previous experience with FAO procedures and had to learn rapidly to navigate internal FAO systems, e.g. FPMIS. The project initially relied heavily on guidance from the FLO in Rome and the FAO-REU Operational Specialist, LTO and Programme Officer responsible for Serbia in Budapest. Interviewees commented that it would have been useful if there had been some structured training and associated manual on GEF and FAO processes, such as FAO procurement processes and how to develop tenders for contacts at the start of the project. The MTR **suggests** that the FAO-GEF Coordination Unit develop a common 'induction package' (manual and training) for all the FAO-GEF project teams.
173. The final PPG stage was delivered quickly ("in a rush" according to interviewees) to meet GEF deadlines. As a result, some of the project activities were not well developed and it took time to decide how they should be delivered once implementation which impacted how quickly the project could start.
174. Another weakness that affected 'readiness' was the limited capacity of key partners to engage with and deliver the project once its outline design was clear and approved (PIF stage). For instance, no capacity assessments were undertaken during the PPG stage to determine whether there was sufficient IT experience within project partners to ensure the IFIS could be delivered efficiently.

## **3.5.2. Project management and execution**

### i. Project management and execution

**Finding 5.3** – There is a good capable extended project management team comprising the PMU supported by FAO staff in Budapest and Rome. Overall, management of the project has been competent although there has been greater focus on a few outputs and little on others, notably communication-related activities, which are key task for the PMU. Dealing with procurement issues and managing consultants have been particularly time-consuming. Some members of the team were not very familiar with GEF and/or FAO procedures, which introduced delays early on in the project implementation. Additional training in effective communications and M&E for some project staff would improve project management effectiveness for the remainder of the project. Although the LTO has provided good technical support on the sustainable forestry management aspects of the project, the team lacked someone with a technical IT background.

**Finding 5.4** – Risks to project delivery are identified, monitored and attempts made to mitigate them but while attempts have been made to work around problems caused by the Covid-19 pandemic, delays to project delivery in 2020 have been unavoidable. The pandemic is also expected to negatively impact activities planned for 2021.

175. The Project management Unit (PMU) consists of a Project Coordinator (PC) and a part-time Administrative Assistant, supported by an FAO programme coordinator based at the UN Office in Belgrade. Critical support has been provided by an Operations Specialist based at FAO-REU office in Budapest (herself supported by a part-time project assistant) who provides guidance and help with FAO processes and administration and is also significantly involved in project strategy formulation, decision-making and planning. Further support is provided to the project by the Funding Liaison Officer (FLO) based at FAO HQ in Rome and a Lead Technical Officer (LTO) based at the FAO REU office in Budapest.

All have been active and fully engaged with the project, and all have made a significant difference to its operation and delivery.

176. Procurement was viewed as a particularly demanding project management task. This was coordinated through the FAO REU office in Budapest as there is no national FAO representation (Country Office) in Serbia. However, the FAO REU office is under-resourced and usually only had one person dealing with procurement. As mentioned above (see Efficiency section), the project had challenges with procurement and has required considerable administrative investment which 'eats time' and 'costs nerves'. The FAO procurement process was viewed as onerous (although it is common for all FAO projects) and its requirements not well understood by the DF. FAO could perhaps invest more time explaining/training project partners on its procurement and contracting processes at the beginning of a FAO-GEF project (as part of the suggested 'project induction package'), as, in the MTR Lead Consultant's experience, this is a common complaint on FAO-GEF projects.
177. In addition to limited knowledge of GEF and (for some) FAO projects and processes, there was little experience in M&E or communications among the PMU. The MTR believes that that project would benefit if the PC could receive some targeted training on these issues and **suggests** FAO organise such training.
178. Management of the use of the project vehicles purchased through the GEF financing has presented a specific problem. Two cars were bought as part of the project but one has not been in regular use. This situation has led to tensions between the DF and FAO. After the project concludes the current arrangement is that ownership will be transferred to the DF. However, it is unlikely that both vehicles will be needed at the same time during the remainder of the project (the project design team overestimated the need for two vehicles). In the MTR's view, there are two options: (i) sell the second, less-used vehicle and allocate the funds to other project activities where funds are needed, such as communication activities (under Component 3), or (ii) immediately transfer the second vehicle to the MAFWM. If option 2 is selected it would allow DF staff to participate more fully in field missions and the DF to deliver its co-financing more effectively as they currently have a shortage of vehicles. However, if option 2 is chosen then it should be conditional on agreement that the use of the vehicle for the project purposes remains the priority for as long as the project lasts. If a second vehicle is needed by, for instance, project field teams or visiting international consultants this takes precedence over any use by DF. This arrangement should be written into the transfer documents and requests for use of the vehicle monitored and recorded until the end of the project. The project SC should make the decision on the choice between these two options in partnership with FAO. Resolving this issue would help improve relationships between DF and FAO.
179. The project has strong IT component under Output 1.1.2. However, there was insufficient capacity within the project team and FAO (both the REU and FAO-GEF Coordination Unit) to assess the IT elements of the project, and some 6 months was lost having the technical proposal assessed. Given almost every FAO-GEF project has an IT element (and such requests are increasing), FAO should consider establishing a roster of IT consultants with experience of forestry, climate change and biodiversity (and agriculture) projects, who could assess the IT elements of its FAO-GEF projects. It is also **suggested** that FAO consider this within the new FAO-GEF Strategy being developed by the FAO-GEF Coordination Unit.

ii. Risk analysis and mitigation and response to Covid-19 pandemic

180. A brief list of possible risks to the project and mitigation actions was presented in the Project Document. Monitoring of project risks (political, financial, institutional, environmental, etc) is carried as part of the 6-month FAO and annual GEF reporting requirement but also on a less formal, ongoing basis, including at monthly FAO country programme meetings. The PC assesses, monitors and attempts to mitigate risks, although he has had no formal guidance or training on the subject. The MTR **suggests** that the FAO-GEF Unit develops specific training on risk identification, management and mitigation which

could be included as part of an 'induction package' (training, manual) provided to FAO-GEF project managers when they are first contracted.

181. The PC took part in discussions within FAO on the impacts of Covid-19 (in April/May 2020) but there has been no specific backup plan for the project in the face of Covid-19 risk other than to lower expectations/targets. Up to December 2020, the pandemic had caused a two-month break to field surveys in spring 2020 due to lockdown restrictions in Serbia, but had also slowed project progress because FAO operations at FAO HQ and REU offices were reduced and staff were forced to work from home for most of 2020 which created delays in working. Another Covid-19 limitation has been the inability of international consultants to travel to Serbia which reduced the planned training programme for 2020. However, individuals involved in the project have adapted and been able to conduct many meetings remotely using digital platforms (Skype, Zoom, Teams). Interestingly, some interviewees commented that restrictions imposed by the pandemic over the last year had helped them improve their remote working and communication skills.
182. Given the pandemic is far from over, 2021 is also expected to present challenges and delays to project implementation, especially as the incidence of Covid-19 virus has been spreading in Serbia in recent months (the MTR team heard of PE staff becoming infected in December 2020) and it is not clear when field teams and consultants can be vaccinated. Consequently, the pandemic may impact the 2021 field surveys (national consultants need to complete the field surveys for the NFI and the FMPs) and project training events planned for 2021, including training of forest engineers and PFO members in SFM and forest management planning for FDPs and FMPs under Component 2). The need for social distancing measures also puts limits on the number of individuals that can attend training courses and how they are operated, and a longer period of training may well be needed, which will have knock-on effects on other project inputs and deliverables, e.g. the FMPs cannot be developed until after training has been delivered (see Theory of Change section).

### **3.5.3. Project implementation and oversight**

**Finding 5.5** – Support from FAO was generally good, especially from the FAO REU office on administrative and operational issues (particularly from the Operational Specialist) as well as technical issues (especially from the LTO), and GEF guidance from the FAO-GEF Coordination Unit in Rome. The FAO Project Task Force was not considered to add any additional value. The lack of FAO Representative (no country office, no Representative) in Serbia has handicapped project implementation and meant that there was limited 'soft support' provided through senior FAO staff.

**Finding 5.6** – Project oversight primarily rests with the project's Steering Committee, but it is not considered an effective discussion or decision-making body, partly because of its limited membership which needs to be expanded with wider cross-sectoral representation. The absence of some of the main co-financing institutions from the Steering Committee, such as the Institute of Lowland Forestry and Environment (USD 445,000) and the Forest technical High School Kraljevo (USD 713,000), is particularly notable, especially given their proposed level of involvement in various outputs proposed at the design stage.

#### **i. FAO support**

183. FAO, as the GEF Implementing Agency, has a project support and oversight role. This is largely provided through the FAO REU office (the project's BH, LTO and Operations Specialist are based in Budapest) and the FLO based at FAO HQ in Rome. However, there has been turnover of FAO staff in the FAO REU and HQ offices responsible for the project between the initial project design and implementation periods (with three senior managers in FAO REU acting as the BH for the project during its lifetime). These breaks in continuity have inevitably led to delays while new staff gain knowledge of the project.
184. FAO's support to the PMU on administrative and operational issues was considered very good, with generally quick responses to requests for help. The on-going support from Operational Specialist and LTO



based in Budapest and the FLO at FAO HQ in Rome have been particularly important, especially in helping navigate the complex FAO processes (especially with procurement and financial administration). FAO Forestry Division in Rome has also been available to provide technical backup on NFI and remote sensing but has had little direct involvement in the project to date.

185. The FAO REU office staff commented that they have spent considerable proportion of the time on recruiting and managing consultants over the last 2-3 years, more than anticipated or typical of other projects, and project management tasks have generally taken up more time than other similar-sized projects in the FAO REU portfolio.
186. As required by FAO, the project has a Project Task Force, comprising key individuals from FAO's HQ and REU offices along with the PC. For the current project it is a small group that meets roughly every 6 months, usually informally, but is not considered to add any significant additional value in terms of project oversight as its members are already all actively involved in the project.
187. The lack of FAO Representation in Serbia (or even in neighbouring Western Balkans countries) has meant there is only a minimal presence of FAO staff in Serbia who were familiar with all FAO systems and processes. Although much of the FAO administration was undertaken competently by staff at FAO REU, the physical distance between Budapest and Belgrade, meant that project administration wasn't as efficient as it would probably have been if all individuals connected with managing and administering the project were housed in the same office. Related to this, project coordination is split between FAO HQ in Rome, the FAO REU office in Budapest, and the FAO project office at the UN building in Belgrade which introduces possibilities for delays. The lack of FAO representation in Serbia has also meant that FAO 'soft support' and promotion of the project through meetings that FAO Representatives have with senior Government figures, has been limited (only during occasional visits to Serbia by the Senior Programme Officer at FAO REU). This has reduced opportunities to address some management issues, such as use of the second project vehicle (see above). The lack of FAO Representation and Country Office in Serbia<sup>29</sup> has handicapped the delivery of the project, and FAO needs to consider whether to establish an office in the Western Balkans to support its projects more directly in the region rather than remotely from Budapest.

## ii. Steering Committee

188. The project's principal oversight body is its Steering Committee, which meets on average once a year. It had held two meetings up to the MTR - on 3<sup>rd</sup> April 2019 and 26<sup>th</sup> February 2020. Members include representatives from the MAFWM-DF, both Public Enterprises (PE Vojvodinasume and PE Srbijasume), National Parks, and Ministry of Environmental Protection, and it is chaired by the National Project Director (the Director of Directorate of Forests). Membership has been rather limited given the project aims to promote multifunction SFM, and does not include representation from some of the partners listed in the Project Document such as the Institute of Lowland Forestry and Environment in Novi Sad, or from the commercial forestry sector and PFOs/PFOAs, Ministry of Commerce and Industry (representing the wood processing sector) or from government agencies associated with rural development, agriculture or water management (despite the MAFWM being the DF's parent Ministry). The absence of some of the main co-financing institutions from the Steering Committee, such as the Institute of Lowland Forestry and Environment (USD 445,000) and the Forest technical High School Kraljevo (USD 713,000), is particularly notable, especially given their proposed level of involvement in various outputs proposed at the design stage.
189. Many participants viewed the Steering Committee meetings as little more than an opportunity to be updated on project progress and plans for the following year (an indication of poor communications on the project), and approval of the project reports, work plans and budget. Although the second meeting was considered to provide more of an opportunity for discussion and raise concerns, in its present form

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<sup>29</sup> FAO previously had an emergency office in Belgrade in the early 2000s but this was closed in 2009/2010.

and operation the SC is not an effective project oversight or decision-making body. Unfortunately, no translation/interpretation facilities (Serbian-English and English-Serbian) were offered at the two previous SC meetings, which limited engagement and discussion. Translation should be provided for the remaining SC meetings. In addition, participants felt they were not properly prepared with documentation was sent out late and mostly in English (again this needs to be addressed as part of project communication. In future, all SC papers should be sent out at least 2 weeks before any meeting).

190. To be effective and achieve wider project impact, the SC needs to have broader membership and a greater involvement of higher level staff in the MAFWM, with the equivalent of a Deputy Minister chairing the meeting (not the NPC). A wider membership would help support better integration of BD and CCM into forestry strategy, policy, legislation, practice (output 1.1.5), and given that the cross-sectoral platform (1.1.7) has not been established, expanding the membership of the SC would also help better link the project with the agencies hosting different data sources that it is hoped will be brought together within the IFIS (see section on Output 1.1.2).

#### **3.5.4. Financial management and co-financing**

**Finding 5.7** - There have been no significant issues with the project's financial management and the GEF budget is considered sufficient to deliver the project activities.

**Finding 5.8** - Although the overall level of co-financing contributions is substantial, several of the co-financiers have not been significantly involved in the project so their contributions are questionable and the principle co-financing which comprises the entire of the MAFWM-DF 'Forest Fund' is largely for baseline activities that are not directly relevant to, or required by, the GEF project, and so needs to be re-examined.

##### **i. Financial management**

191. Responsibility for financial decisions on the project's GEF funding ultimately rests with the FAO Budget Holder (BH), although day-to-day financial administration and management is undertaken by the PC in Serbia and the Operations Specialist at FAO REUT in Budapest (who is authorised to initiate payments and proceed with administrative approvals on behalf of the BH).
192. The MTR team was not tasked with undertaking a financial audit, but judging from interviews there have been no major issues with financial management. Cash flow for small items in Serbia has sometimes been an issue, although a fund for purchases of small items has recently been established which should solve this issue. It is also not clear which FAO staff involved in the project are covered by the GEF FAO management fee and FAO general funds.
193. Although there has not been an official financial audit of the project, the FAO REU office reported no financial irregularities, and financial management is considered to be good with proper budgeting and financial planning and reporting. However, the MTR heard that financial decision-making and expenditure of the GEF funds were not very transparent (budgets are presented at the annual project SC meeting but this is only held once a year). Consequently, the MTR **suggests** that 3-monthly reports on project expenditures are produced as part of project progress reports and distributed to partners.
194. Table 1 below presents overall spending for each year since the first financial transaction on the project, starting on 19 February 2018 up to 31 December 2020. This shows a slow start to disbursement in the first year when significant time was spent setting up the PMU and recruiting staff and consultants, but expenditure increased in successive years.

**Table 2 - Expenditure (in US\$) by component by year from February 2018 to December 2020**

Component/ Outcome/ Output	Estimated cost at design (USD)	Estimated cost as per the latest budget revision (USD)	Expenditure 2018	Expenditure 2019	Expenditure 2020	Total expenditure until 31 December 2020	Expenditure ratio actual/ planned
<b>Component 1</b>	<b>2,144,108</b>	<b>2,295,372</b>	<b>47,951</b>	<b>986,784</b>	<b>523,493</b>	<b>1,558,228</b>	<b>68%</b>
Outcome 1.1	2,011,722	2,164,345	47,951	967,836	473,302	1,489,089	69%
Outcome 1.2	132,387	131,027	0	18,948	50,191	69,139	53%
<b>Component 2</b>	<b>813,214</b>	<b>661,953</b>	<b>71,421</b>	<b>113,235</b>	<b>58,719</b>	<b>243,375</b>	<b>37%</b>
<b>Component 3</b>	<b>161,400</b>	<b>161,399</b>	<b>7,978</b>	<b>5,913</b>	<b>11,181</b>	<b>25,072</b>	<b>16%</b>
<b>PMC</b>	<b>155,936</b>	<b>155,936</b>	<b>19,445</b>	<b>30,460</b>	<b>29,623</b>	<b>79,528</b>	<b>51%</b>
<b>Project Total</b>	<b>3,274,659</b>	<b>3,274,659</b>	<b>146,794</b>	<b>1,136,392</b>	<b>623,017</b>	<b>1,906,203</b>	<b>58%</b>

195. The breakdown of the spending by component and outcome (Components 2 and 3 only have one outcome so the figures are the same as the component totals), and shows that around 58% of the total budget had been spent up to the MTR, which is reasonable given the delays in early implementation. Most expenditure has been focused on Components 1, particularly those outputs associated with Outcome 1.1, which again is expected given the results of these outputs form the basis for much of the activities in Components 2 and 3. The three most expensive outputs were those dealing with the development of the field methodology, NFI and IFIS (Outputs 1.1.1-1.1.3).

196. Interestingly, the spending according to the contributions from the different GEF Focal Areas – Biodiversity, Sustainable Forest Management and Climate Change Mitigation (Table 2 below), show that USD 800,605, representing more than half of the CCM Focal Area funds, had been spent up to the end of December 2020. However, based on interviews and the analysis of the delivery of the projects activities and outputs presented above (see Outputs section) it is difficult to see what CCM-related activities and deliverables have been produced for this money. The only CCM-specific deliverable to date appears to be the 1-page guidance note in the Guidelines for managing different forest types produced under Output 1.1.6, and the MRV report under Output 1.1.4.

**Table 3 - Project expenditure by GEF Focal area (in US\$)**

GEF Focal Area	GEF Project Financing	Percentage of total GEF budget	Actual expenditure up to 31 December 2020	Percentage of total GEF budget spent up to 31 December	Percentage of GEF focal area fund spent up to 31 December 2020
BD	654,932	20%	381,241	20%	58.2%
CCM	1,528,174	47%	800,605	42%	52.4%
SFM	1,091,552	33%	724,357	38%	66.4%

## ii. Co-financing

197. According to the project budget in Appendix 3 of the Project Document, the co-financing contribution for Component 1 represents 74% of the total cost, for Component 2 co-financing accounts for 96% and for Component 3 co-financing contributes 92% of the total budget, suggesting that the project designers considered most GEF support was needed (and not so available) for Component 1.

198. Partner co-financing contributions are considered essential to ensure effective delivery and impact of projects results but are also a reflection of project ownership and the perceived relevance of the project to national priorities to project partners. The Project Document lists co-financing pledged at GEF CEO Endorsement as USD 26,180,141 (89.9% of total financing), out of which 61 % is classified as 'cash', pledged by various partners at the GEF CEO Endorsement stage (see table 3 below). The GEF funding

amounts to USD 3,274,658 (11.1 % of the total financing), so this represents a GEF:co-financing ratio of almost 1:8, which is very good for a GEF-6 project.

**Table 4: Project co-financing commitments (source Project Document)**

Co-financing institution	Type co-financing	Amount (USD)
Ministry for Agriculture, Forestry and Water Management	Cash	15,486,141
Ministry for Agriculture, Forestry and Water Management	In-Kind	5,545,000
Institute of Forestry	In-Kind	445,000
Novi Sad University	In-Kind	445,000
National Park Fruska Gora	In-Kind	285,200
National Park Djerdap	In-Kind	142,600
National Park Tara	In-Kind	855,600
Public Enterprise Srbijasume	In-Kind	980,000
Public Enterprise Vojvodinasume	In-Kind	420,000
Forest technical high school Kraljevo	In-Kind	713,000
Forest Chamber	In-Kind	220,000
National Park Kopaonik	In-Kind	142,600
FAO	Cash	300,000
FAO	In-Kind	200,000
<b>Sub-total Co-financing:</b>		<b>26,180,141</b>

199. Unfortunately, the project was not able to provide the MTR with a report on the co-financing contributions up to December 2020. According to interviewees, national co-financiers have been resistant to requests from the PMU for co-financing figures. However, interviews with a selection of the co-financing institutions provided some information on levels of co-financing provided so far.
200. The largest single contribution to co-financing is from the MAFWM – USD 21,031,141, divided into USD 15,486,141 as 'cash' co-financing and USD 5,554,500 as 'in-kind' co-financing. How this figure was calculated is unclear but according to interviewees, the MAFWM co-financing includes the entire of the regular 'Forest Fund' administered by the DF. There is a question over whether all of this can be counted as co-financing as this includes funds for DF activities that are undertaken as part of its regular work. Key activities funded through the Forest Fund include paying for afforestation activities and construction of forest infrastructure such as building forest access roads (indeed most of its Euro 7 million budget goes on road construction). These do not directly contribute to, or are a necessary baseline for, the delivery the GEF project. Consequently, it seems extremely unlikely that the co-financing contribution from MAFWM represents anywhere near the figure of USD 21,031,141.
201. What is also clear is that many of the institutions listed as co-financiers at CEO Endorsement have not been involved in the project in any meaningful way and their co-financing contribution is therefore suspect (especially as it is 'in-kind' and not cash co-financing). This applies to: the Institute of Lowland Forestry and Environment, Novi Sad University (USD 445,000 in co-financing); Fruska Gora National Park (USD 285,200), Djerdap National Park (USD 142,600); and Kopaonik National Park (USD 142,000). All of these co-financing amounts are substantial. The Forest Technical High School Kraljevo, which had offered USD 713,000 in co-financing, appears to have been excluded from the project and their training and outreach role given to the Forest Chamber (see Stakeholder section below). Tara National Park (co-financing of USD 855,600) was also expected to participate in a significant way in the project but to date has had very limited involvement. One of the six sites chosen for the pilot FMPs is inside Tara National Park and a small number of their staff are to be included in training for forest management planning scheduled for spring 2021 (depending on Covid restrictions) but it is difficult to see how their participation would cost USD 886,600! The Institute of Forestry in Belgrade is also listed as a co-financier

(contributing USD 445,000), but again, it has been little involved up to December 2020, although it may play a greater role, as host of the IFIS for instance, in the remainder of the project.

202. The FAO co-financing contribution originates from its Technical Cooperation Programme (TCP) funds (TCP/SRB/3603) especially from a wildlife (largely game species) management project. This project has now concluded (dates of project were 15 Jan 2018 – 31 Dec 2019) and there was not a strong connection with the GEF project as the project did not deal directly with forest management for SFM or CCM and offers little direct contribution to the GEF project's BD management measures covered in the Guidelines produced under Output 1.1.6. It may possibly contribute data on game mammals and their management in forests to a specific module to be developed under the IFIS (Output 1.1.2) and its results help support forest management decisions (for forest game species) that are relevant to the project's aims.
203. On the other hand, one institution that has been heavily involved in the project (and there are plans for it to have an even greater role) is the Forest Faculty, which is an academic institution, part of the University of Belgrade, that largely undertakes research but also advises on forest management including development of management plans. However, it is not listed as a co-financier at the CEO Endorsement stage. In the Project Document it was expected to 'play a central role in providing expertise, for instance in the definition of SFM guidelines'. It has provided many of the national consultants to the project and is actively involved in delivering several outputs but is not contributing any co-financing, despite having far greater involvement than many of the co-financiers listed above. Essentially, the Faculty seems to have acted as a consultancy service for the project. Given several other research institutions are listed as significant co-financiers, such as the Institute of Lowland Forestry and Environment at the University of Novi Sad, the MTR **suggests** that the Forest Faculty in Belgrade should be requested to contribute co-financing given its prominence in the project, and be included in any recalculation of project co-financing.

### 3.5.5. Partnerships and stakeholder relationships

**Finding 5.9** – The Project Document sets out a large list of partners and stakeholders but many have not been involved in any significant way (e.g. in project activities) to date, including a number that are listed as major co-financiers for the project. The main groups involved to date are state-sector forestry institutions, principally the DF (as the project executing partner) and the two PEs, along with national (largely from the faculty of Forestry), and international consultants. Key stakeholder groups that have been little involved to date are the PFOs and PFOAs, in part due to the difficulty of selecting representatives (from an estimated 800,000-900,000 PFOs) but also because management of private forest areas is more complicated than state-owned land. Also, the commercial forestry sector and environmental NGOs are not involved in project, which is surprising given the objective and scope of the project.

#### i. General points

204. The project undertook a stakeholder analysis during the project design period and the main stakeholders and their roles in the project are identified in the Project Document. This lists a significant number of stakeholder groups indirectly affected by the project as well as specific project partners that are directly involved in project activities. These are listed in introductory section on project stakeholders above. The project held an inception workshop on 22<sup>nd</sup> March 2018 at which representatives of many of these stakeholder participated.
205. However, as noted above, many of these partners have not been (or are yet to be) significantly involved in the project and despite a number contributing considerable co-financing to the project (see co-financing section above). For example, according to the Project Document (paragraph 225), the Institute for Lowland Forestry and Environment Protection at the University of Novi Sad 'will provide inputs to the development of the elements of the methodology for forest and biodiversity information collection and management harmonized with global and regional standards and reporting requirements (outcome 1.1)'. However, the Institute has not provided any inputs to the development of methodology under Output

1.1.1, and not been involved in the project in any significant way. Indeed, it does not appear to have even been kept informed of project progress (the same for many other partners).

206. Other institutions that would have been expected to be included as formal partners of the project are not, particularly institutions/groups dealing with BD conservation and climate change issues. For instance, the Institute of NCI, which is the main technical agency with responsibility for addressing conservation of biodiversity in Serbia (and also has staff with forestry expertise) is not identified as a partner in the project and has been minimally involved in, or consulted on, project activities. Opinions varied on the level of involvement but its contribution seems to have been restricted to only Output 1.1.1 and a presence on the project Steering Committee, even though the project specifically aims for much greater integration and more active management for BD within the forestry sector. Similarly, there is no Government climate change group represented on the project, nor NGO representation, such as IUCN or the World Wildlife Fund, which have wide experience with BD conservation and CCM/CCA issues in Serbia and the wider Western Balkans. There is also no representation by the commercial forestry sector on the project Steering Committee. There is a similar lack of representation on the 'Working Groups' that were to be established. Three working groups have not been established at all and instead their role has been taken on by different project teams. The only formal Working Group created, for the IFIS, does not include representatives from many groups that would be expected to be included due to their remit and possession of important databases that would be linked to the IFIS, providing a significant contribution to the 'integrated' element of the IFIS. These include the NCI which has national BD information, the Department of Climate Change at the MEP which has climate change related data, and the Statistical Office for its socio-economic data.

207. This 'restricted membership' gives the impression that the project is essentially a 'state sector forestry only' project, largely involving those groups most known to the DF, and apart from the Public Enterprise "Vojvodinasuma" all are based in Belgrade. The MTR understood that 'inter-institutional rivalries' and 'personality differences' can make collaboration and sharing of projects between institutions 'difficult'.

208. An example where partnership opportunities have been missed is the lack of a formal linkage with the EU-funded Natura 2000 project, which is based in the Ministry of Environmental Protection, and involves the NCI and Faculty of Biology at the University of Belgrade. Even though the work to develop the new NFI under Output 1.1.3 involves BD assessments and identification of priorities to meet Natura 2000 requirements, and both the FAO-GEF project and Natura 2000 initiative are building databases of field data of relevance to each other, up to December 2020 there had been only informal contacts between some of the consultants involved.

## ii. PFOs and PFOAs

209. Another stakeholder group that has been largely excluded to date is the PFOs and PFOAs despite privately owned forests accounting for around 50% of the forest estate, and, according to the Project Document, there is a significant problem of excessive cutting of wood for fuel on private owned forest lands (although no figures are presented). As mentioned above, use of the forests by PFOs differs from the state authorities; it is wider and includes greater use of many non-timber forest resources, and more dependent of forest ecosystem services.

210. The project cannot be considered to be serious about promoting multifunctional/multiuse SFM unless PFOs/PFOAs are involved in a meaningful way given they represent around 50% of the country's forest estate. However, there are challenges to engaging with the PFOs, including: their very large number (an estimated 800,000 – 900,000 individuals) so it is difficult to include a truly representative number given the project's limited funding; the generally low knowledge and resources of many individual PFOs; the low capacity of the existing small number of PFOAs that represent small numbers of PFOs; and the condition of private forests which can be quite different to the more managed state forests. These have acted as barriers to the proper inclusion of PFOs in the project. Consequently, the project has focused

on the state-owned forest lands. To be fair, none of those interviewed by the MTR had a clear idea how best to involve this group in a meaningful way in this project.

211. The most significant PFO-related action to date has been a review (with some limited new data collection) of the socio-economic values of the forests by (Dordevic-Milosevic 2019). Whilst this is a good review, there is still an incomplete understanding of the use and value of the forests by private forest owners and users. The project could address this through expanding on the previous study with more data collection, particularly to gain a better, more detailed understanding of what would be needed to incentivise PFOs to adopt SFM and particularly management of their lands for BD and CCM priorities. For instance, it is likely that some form of compensation, financial and/or technical support would be needed to encourage PFOs if it means they can no longer use their forests in the way there are accustomed to, e.g. changing from conifer to broadleaved woodland or from coppice to high forests. One major activity that should be the subject of more research is on wood fuel demand and supply by PFOs in the two target regions of Serbia to define sustainable biomass production and avoid forest degradation. At present there is little direct guidance on managing privately owned forests for fuel in a sustainable manner, and less for other NTFPs<sup>30</sup>. Project support could perhaps be better applied to strengthening the capacity of PFOs as they represent PFOs (this would also have less of the project's current 'top-down' approach).
212. Given the GEF budget, the project design was clearly too ambitious to expect significant activities focused on the PFO community. In the MTR's view, they require a separate targeted and better funded project but that could build on the experiences of the current project. Probably the maximum that can be achieved would be to ensure the 16 demonstration plots that are being established to demonstrate multiple-use SFM of various forest types (under Output 2.1.3) include information on sustainable management for selected NTFPs such as fuel wood, are widely publicised and opportunities for PFOs to learn from them are developed and promoted (under Component 3).
213. Surprisingly for a project with such a large list of partners, the project did not develop a Partnership Strategy during the inception period/early implementation that sets out how each partner would be involved, what each would deliver and when, what resources were to be made available (GEF funding and co-financing), with 'Letters of Agreement' with project partners that set this out formally. This lack of clear agreement on roles and responsibilities may have contributed to the less than effective relationships between partners.

### **3.5.6. Communications, awareness-raising and knowledge management**

**Finding 5.10.** The project has invested little time and resources into communication and outreach activities so far. As a result the project is poorly known beyond those directly involved in project activities with a low profile in Government and more widely even among some project partners. Project materials produced to date are viewed as technical and no outreach material has been developed for the wider group of project stakeholders or the general public. For example, even by December 2020, the project had no social media presence, newsletter, and lacked a project website. Within the project, poor communication between teams and individuals has created 'silos' to some extent that has worked against creating a sense of a shared vision of what the project aims to achieve. There also appears to have been little direct monitoring of, or support for, project communication materials by FAO HQ or FAO REU, even though both have communication teams.

214. A number of interviewees stated that they did not feel well informed of activities beyond those of their own immediate team, especially after the initial inception period, creating 'silos' within the project to some extent. Even team leaders were relatively uninformed of overall project progress and results. For instance, the MTR heard reports of poor connection between the data teams and forest management planning team, and teams mentioned that they were unaware of project reports produced by other

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<sup>30</sup> Formerly there was more private sector involvement e.g. forest fruit processing businesses, but these have largely disappeared in the last 20 years. Mushrooms are collected by PFOs and sold on to private sector merchants, including middlemen/buyers from other European countries, e.g. Italy, who travel around key forest areas at specific times of year to buy up local forest produce.

groups (indicating these were not commonly distributed widely among the project team). Communication within some teams has also been reportedly poor, notably the methodology and NFI teams. Together these have adversely affected delivery and sharing of results. This has worked against creating a shared sense of a 'project team' and common vision for the project, and allowed 'silos' to develop to some extent within the large project group.

215. Communication with partners was similarly poor with some, such as the Institute of Lowland Forestry and Environment, unaware of most project activities despite being listed as a major partner and co-financier of the project in the Project Document and identified as an active participant in Component 1. Externally, this has led to very low profile or knowledge of the project beyond the state forestry and academic forestry sector.
216. Unlike most FAO-GEF projects, the project did not produce any promotional materials at the start of the project such as a brochure (in Serbian or English) setting out the project aims, key messages, activities, expected results, partnerships, etc, and as of December 2020 the project still lacked a project website, social media presence, and there had been no regular project newsletter or other regular briefing materials for partners and stakeholders and very few presentations on the project to wider audiences (only two brief appearances by the NPD on Serbian television at the beginning of the project). In addition, project reports and the limited communication materials produced to date are viewed as technical/academic and the project is viewed as essentially as a 'data-gathering exercise'. Consequently, it doesn't have wide appeal or interest. This could be addressed by better communications products targeted to relevant audiences.
217. Although some partners have been briefed on the project and understand its aims and activities, e.g. the PEs, there have been no specific communication activities such as presentations given to other project stakeholder groups, such as the PFOs/PFOAs. The main avenue for disseminating information on project progress to partners appears to be through the annual project Steering Committee meeting, and through informal conversations the PC has with partners.
218. The poor communications has been partly the result of the very limited experience within the current project team in Belgrade. There also appears to have been little direct monitoring of, or support for, project communication materials by FAO HQ or FAO REU, even though both have communication teams. There is a recognition by the PC that much more effort needs to be directed at communications and a consultant was to be appointed early in 2021 to design and establish the project website.
219. Given that the project aims to promote multiple use of forests in Serbia, communications needs to be addressed to multiple user groups, not just to the forestry sector. However, the project lacks a Communications and Knowledge Management Strategy and Plan<sup>31</sup> that sets out key messages to be communicated (aims and key deliverables of the project, target regions, stakeholders involved, progress on results, etc), the means of communication (choice of media, language, etc, targeted at different project audiences), roles and responsibilities of key individuals and partners in communication and outreach activities, budgets and timeline. Such a plan should also address the use, storage and dissemination of information gathered through the project following GEF guidance and progress on addressing Knowledge Management<sup>32</sup>. Support and guidance on development of communications materials should be sought from the communications specialists in FAO HQ (initially from the team in the

<sup>31</sup> The FAO-GEF Coordination Unit Communications Consultant has suggested a possible model for the Communications Strategy and Plan which can be found at <https://www.argentina.gob.ar/ambiente/biodiversidad/exoticas-invasoras/proyecto>. It also provides a good overview of possible communications products. It is in Spanish and will need translating (use Google translate). In addition, a 'FAO-GEF Project Communications Strategy Worksheet' is also available for the FAO-GEF Coordination Unit which can be used to develop the framework for the Strategy and Plan.

<sup>32</sup> See <https://www.thegef.org/sites/default/files/publications/STAP%20Report%20on%20KM.pdf> and [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF\\_E\\_C59\\_04\\_evaluation\\_of\\_KM\\_GEF\\_2020.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF_E_C59_04_evaluation_of_KM_GEF_2020.pdf)



FAO-GEF Coordination Unit but also the central Communications Office) can provide advice on the development of the project Communications Strategy and more generally on effective media outreach<sup>33</sup>.

### 3.5.7 M&E design and implementation (Moderately Satisfactory)

**Finding 5.11** – The project follows the standard FAO-GEF M&E framework, which has been operational from the first year of implementation. However, there are no indicators for the project objective to measure progress and the indicators and associated targets (end-of-project targets, no mid-term targets) chosen for several of the outcomes are not SMART<sup>34</sup>. Indicators were chosen/designed by the international project design team with little discussion or review by national experts and so designed through a ‘top-down’ approach. Outcome indicators need to be reviewed and strengthened or alternative found and in line with GEF-7 M&E policy GEF-7 core indicators also need to be retrofitted to the project which are appropriate at the objective and possibly for some outcomes. Outputs have mid-term targets which enabled better assessment of project progress and performance and reporting.

220. The project follows the M&E framework set out in the Project Document (section 3.5, pages 67-71).

However, there are weakness in the project’s M&E design, notably the selection of some of the indicators for measuring progress on project outputs and especially outcomes. The outcome indicators for Component 1 and 2 were chosen from the GEF BD, SFM and CCM tracking tool indicators. These were proposed by the international consultant and the FAO-GEF Coordination Unit rather than national project design consultants and did not undergo review and rigorous testing by national stakeholders, so can be considered as having been designed ‘top-down’ (poor practice for development of indicators). Some have only a loose association with their outcomes. For instance, one of the indicators for Outcome 1.1 (‘Improved decision-making in management of productive forest landscapes’) is GEF Tracking Tool ‘Indicator CCM-9: Degree of support for low GHG development in policy, planning and regulations’. This indicator is broad and could include non-forestry sectors and consequently not a good indicator for the project outcome. However, its end-of-project target ‘CCM consideration reflected in sectoral documents and action plans, as well as forest development and forest management plans under implementation’, is a better reflection of the possible degree of achievement the Outcome, especially as it recognises that FDPs and FMPs which take into account CCM measures need to be ‘under implementation’ by the end of the project. Similarly, the first indicator for Outcome 2.1 which is an indicator from the CCM tracking tool measuring carbon sequestered - Indicator CCM-1: Total Lifetime Direct and Indirect GHG Emissions Avoided (Tons CO<sub>2</sub>eq) does not directly link to its outcome - Increased forest area under sustainable and multi-functional forest management.

221. However, the most problematic indicator is that associated with Outcome 1.2 (Institutional capacities strengthened for multi-functional forest management). No specific institutional capacity assessment framework was proposed during the project design period and has not been developed since. Consequently, there is no quantitative, objective measure of whether the project has improved capacity for ‘multi-functional forest management’ among key institutions involved with the project. There are also no specific project indicators that assess participation by stakeholder groups, e.g. PFOs/PFOAs. In addition, the project lacks gender-related indicators.

222. All outputs have process/performance indicators which have been one of the main instruments (along with the annual work plan) used by the project team to track project progress, although in some cases they are insufficient to fully measure delivery of the associated output. For instance, the indicator for Output 1.1.5 (Forest development programme and legislation revised to incorporate biodiversity climate change mitigation and socio-economic concerns) only tracks progress as far as the drafting of recommendations to incorporate BD, CCM and socio-economic concerns into forestry policy and

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<sup>33</sup> Generic communication guidelines are also contained in the document ‘*Communication at Country Level - Guidelines for FAORs on preparing a Communication Strategy and Plan*’ available from the FAO HQ and FAO REU communications teams

<sup>34</sup> Specific, Measureable, Achievable, Realistic and Timebound.

legislation, whereas for the output to be achieved it is necessary for these concerns to have been incorporated into the policy and legislation.

223. The project objective – 'to promote multifunctional sustainable forest management to conserve biodiversity, enhance and conserve carbon stocks and secure forest ecosystem services in productive forest landscapes' – also lacks indicators which makes reporting on progress difficult. However, several of the outcome indicators could be considered as more appropriate as indicators for the project objective, including for CCM - *Total Lifetime Direct and Indirect GHG Emissions Avoided (Tons CO<sub>2</sub>eq)* and for BD - *Area under which the project will directly and indirectly contribute to biodiversity conservation (Ha)*.

224. Although the project's results framework and indicator set were presented at the project design workshop there was little feedback and they were essentially designed/chosen by just a few individuals within the project design team, and not through a participatory approach. If there had been a wider, more participatory process then the weaknesses identified above might have been avoided or at least minimised and alternative SMARTer indicators selected.

225. In addition, the GEF now requires all GEF-6 project that have reached their Mid-Term Review point to retrofit relevant new GEF-7 indicators to the project<sup>35</sup>. In the case of this project GEF-7 core indicators to be considered are:

- i. Indicator 1. Terrestrial protected areas created or under improved management for conservation and sustainable use (hectares), sub-indicator 2 -Terrestrial protected areas under improved management effectiveness;
- ii. Indicator 3. Area of land restored (hectares), sub-indicator 2 - Area of forest and forest land restored;
- iii. Indicator 4. Area of landscapes under improved practices (hectares; excluding protected areas), sub-indicators: 1 - Area of landscapes under improved management to benefit biodiversity (qualitative assessment, non-certified); 3 - Area of landscapes under sustainable land management in production systems; and 4 - Area of High Conservation Value forest loss avoided;
- iv. Indicator 6. Greenhouse gas emissions mitigated (metric tons of carbon dioxide equivalent), sub-indicator: 1 - Carbon sequestered, or emissions avoided in the sector of Agriculture, Forestry and Other Land Use; and
- v. Indicator 11. Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment

226. Based on the above, the MTR **suggests** that the project's indicator set is revised and strengthened (made fully SMART<sup>36</sup>), a set of indicators for the project objective with baseline values reconstructed is added and an international M&E specialist with SFM experience is contracted to lead on this exercise. The project also currently lacks a formal framework for identifying and capturing lessons learned. Advice on this could be provided through the FAO-GEF Coordination Unit.

### **3.6 MTR Question 6 - Cross-cutting dimensions**

#### **3.6.1 Gender considerations**

**Finding 5.12** - The project's focus on gender equality and opportunities for women has been poor, which is partly a reflection of the nature of the forestry sector. The project has no gender-specific indicators to assess benefits, empowerment or engagement by women, although it does provide equal access to training opportunities and the wider project team has a number of women in key roles. Unfortunately, project

<sup>35</sup> See [https://www.thegef.org/sites/default/files/documents/Results\\_Guidelines.pdf](https://www.thegef.org/sites/default/files/documents/Results_Guidelines.pdf) page 3 - "For projects approved in GEF-6 that have not yet been completed, shift to core indicators and sub-indicators at the next available opportunity in the project cycle (CEO Endorsement/ Approval, mid-term or completion)"

<sup>36</sup> SMART – Specific, measurable, Attainable, Realistic and Time bound

activities specifically targeted at PFOs/PFOAs that were expected to create the most benefits for women have not been developed to date, although a review by the project has identified gender-specific opportunities, particularly in relation to strengthening value chains for non-timber forest products, has been undertaken which could be used to identify future project-supported activities.

227. The project has not had a specific focus on gender and ensuring women (or minority and disadvantaged groups) can fully participate or benefit from the project and there have been no gender-specific project activities developed up to December 2020. According to interviewees, this is partly a reflection of the nature of the forestry sector which is male-dominated<sup>37</sup>. However, the project has made efforts to ensure that any training or other project activities are available to women on an equal basis as men, several of the consultancies have been awarded to women (MRV report and Socio-economic review), women are represented among the international consultants, on the project's Steering Committee and also among the project team. Whilst these efforts are important, specific benefits to women stakeholders is rather limited and active engagement is superficial.
228. A gender analysis was undertaken at the design stage, interviews were conducted with men and women in communities involved with forestry during project development which apparently helped shape some of the proposed activity sets (particularly in relation to PFOs), and a 'gender mainstreaming strategy' was apparently incorporated to the project design (Outputs 1.1.2, 1.1.5, 1.2.1 and 2.1.4, are singled out as having gender-specific elements). However, there are no gender-specific indicators in the Results Framework to track women's involvement, benefits or empowerment (e.g. in decision-making).
229. The Project Document outlines the different use of forests by women and men from communities in the pilot areas<sup>38</sup>, and it does identify specific activities targeted at women. Opportunities for forest and rural community development that would benefit women in particular have been identified in a review commissioned by the project (Dordevic-Milosevic 2019) e.g. through value chain development of non-wood forest products but there has been no follow up of recommendations from the report, no interest (funds) in developing activities with local women's groups or even with women members of PFOAs, and the project has yet to properly engage women from these communities in its activities (see Stakeholder section above).
230. The MTR **suggests** that the Djordjevic-Milosevic review is followed up and its recommendations implemented. The MTR also believes that the project would benefit from an additional gender expertise to review and develop gender activities within the project.

### **3.6.2 Social and environmental safeguards**

**Finding 5.13** – The project has been classified as having an overall 'medium' risk but had one 'high risk' rating because some of its pilot sites are within two protected areas (Tara Mountain National Park and Obdeska Bara Special Nature Reserve). This requires a full environmental and social impact assessment to be undertaken, but it is not clear this has been done.

231. An FAO project Environmental and Social Screening (ESS) which identifies any environmental and social risks created by a proposed project was undertaken on 15 July 2017, led by the LTO. The overall risk was classified as 'moderate'. This was made on the basis of the inclusion of at least two protected areas within the project's pilot areas – Tara Mountain National Park, and Obdeska Bara (Special Nature Reserve, corresponding to IUCN category 1a) – which relate to Safeguard 2 '*Biodiversity, Ecosystem and Natural Habitats*' which is considered 'high risk, but also two other 'moderate' risks relating to Safeguards

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<sup>37</sup> Although the MTR notes that the Serbian Chamber of Forestry Engineers has about 800 members of which 20% are women and PE Srbijazume has 3055 employees of which 699 (23%) are women and PE Vojvodina has 1522 employees of which 255 (17% are women) which is a higher proportion than forestry sectors in many other countries.

<sup>38</sup> According to the Project Document, men are predominantly engaged in firewood collection, whereas women tend to be more engaged in the collection of non-wood forest products (NWFPs). Forest work is socially considered to be more appropriate to men, and private forests are registered in the name of a male family member who usually tend to take the decisions regarding the family forests. Women are also less likely to attend to meetings related to forest use or management.

– Safeguard 3 'Plant Genetic Resources for Food and Agriculture' and Safeguard 7 'Decent Work' – were also considered to be relevant in relation to the project's proposed activities.

232. The identification of the project as a 'high risk' for Safeguard 2 because of its potential risk to the two protected areas (criteria 2.1) calls for a 'full environmental and social impact assessment'. Although it is listed as an annex (Annex 5) in the Project Document, this was absent from the copy provided to the MTR team, and it is not clear whether this was carried out. In terms of the first of the other two risks, relating to criteria 3.4 'Would this project establish or manage planted forests?', mitigation actions include the project adhering to existing national forest policies and strategies, and observance of several if the principles of the Voluntary Guidelines on Planted Forests, and integration of BD conservation is intended as an integral element of the project's promotion of multi-functional SFM. The final criteria of concern – 7.8 'Would this project operate in a sector, are ort value chain where producers and other agricultural workers are typically exposed to significant occupational and safety risk?' – should be largely addressed through awareness-raising of risks in training workshops (although it is not clear whether this has occurred).
233. Given the project is unlikely to fully develop and deliver in the way originally envisaged, especially as there is likely to be little targeting of PFOs/PFOAs, the MTR **suggests** that the ESS is repeated.

## 4. Conclusions and recommendations

### 4.1 Conclusions

234. **Conclusion 1 – Relevance and ownership.** The project has high relevance at the national level and some at regional (e.g. helping to meet some Natura 2000 requirements) and global level (as designed the project is in line with GEF priorities). However, project efforts are focused on state-owned forests and there is a lack of significant engagement with private forest owners and users, the commercial forestry sector or NGO community or civil society, and **ownership of the project rests very much with the MAFWM-Directorate of Forests and the two Forest Public Enterprises**, and other project partners have little identification with the project.
235. **Conclusion 2 – Effectiveness.** To date the project has largely focused on outputs, particularly on developing methodology, the IFIS and the NFI, delivery of which has been slow but good. Whilst the new scheme for the NFI expands on the previous structure and collects more information on biodiversity, **the project has had insufficient focus on CCM measures** (for instance, below-ground carbon is only being partially assessed, the current version of the forest management Guidelines has only a one-page Addendum to CCM, and the MRV report has yet to be followed up). This is surprising given that the GEF CCM Focal Area funds total over US\$ 1.5 million and over US\$800,00 of this had been spent by the end of December 2020. **There is still a poor understanding of how forest management will need to adapt to CC**, and a clear need for more evidence to inform decision-making in relation to CCM (and CCA) within the forestry sector, especially as the project aims to transform forestry management to ‘multifunctional sustainable forestry management’. This is especially important as forest management measures for CCM need to be integrated into the FDPs (Output 2.1.2), FMPs (Output 2.1.3) and forest strategy, policy and planning (Output 1.1.5).
236. In terms of progress on project outcomes, while **knowledge and tools to improve decision-making (Outcome 1.1) are being developed and improved, the project’s capacity building efforts (Outcome 1.2) have yet to properly start.** There has been **no increase in the area under multifunctional SFM (Outcome 2.1)**, although if the project’s six pilot FMPs and two FDPs can be delivered and have begun implementation then the project can claim it has achieved this outcome. Overall, **there has been some movement towards the project’s objective** (promotion of multifunctional SFM) but it has been limited. However, **many foundational activities are likely to be completed in 2021 after which progress should be faster, and delivery of results should increase substantially.**
237. **Conclusion 3 – Efficiency.** There have been significant delays to delivery of project results due to a variety of reasons, with the result that **the project is estimated to be around 12 months behind schedule.** The Covid-19 pandemic is also likely to continue to impact efficiency during 2021 and possibly 2022. A number of project elements in Component 2 cannot be achieved until results from Component 1 have been delivered. Together these factors mean that **the project is very unlikely to deliver all its key results before its formal end in December 2021.** To do so, the project will require a one-year No Cost Extension to December 2022.
238. **Conclusion 4 – Sustainability.** Sustainability of project results is still uncertain at the mid-term point but there are concerns over several potential risks to sustainability, including the future institutional home for the NFI database and IFIS and identification of long-term funding for the maintenance of the IFIS and scaling up of the FDPs and FMPs across Serbia once the GEF project finishes, as well as how to fund active management for BD conservation, CCM priorities and socio-economic values within an expanded multifunctional SFM approach given the DF’s small and forestry focused budget.
239. **Conclusion 5 – Factors affecting performance.** Whilst the project has a capable team, a number of factors have affected the project’s performance, in many cases creating delays. These include issues related to weaknesses in project design (dependence of some outputs on successful completion of

others) and readiness (activities not sufficiently developed during the design period), and lengthy procurement processes. Of particular concern is **weak partnership and stakeholder engagement** (many partners are not actively involved in project or informed of project results). To date there has been **especially poor engagement of PFOs/PFOAs** (the focus of project, and interest of Government, is on state-owned forest lands) and **it is questionable what impact the project will have on management of forests under private ownership**, but certainly far less than for the state-owned forests where scaling up will be much easier. Given the poor involvement of several key partners, **some of the co-financing contributions are questionable and need to be re-examined**, and the **project would benefit from an expanded membership beyond the current set of largely forestry sector based institutions and consultants** that have been involved to date. **Project communications has also been particularly weak and not effective**, both within the project group, and externally with project partners, wider stakeholders and the general public. Given that the project aims to promote multiple use of forests in Serbia, project communications needs to be addressed to multiple user groups, not just to the forestry sector.

240. **Conclusion 6 – Cross-cutting issues. The project's focus on gender equality and opportunities for women has been poor.** This could be addressed through greater, targeted engagement with women private forest owners and users and the PFOAs but **there is no consensus within the project team on how best to include PFOs within project** due to the large number in Serbia and small number of PFOAs. **The project's overall ESS risk rating of 'medium' is still appropriate** as some project activities are targeted within protected areas.

241. Overall, although the project has been subject to significant internal (e.g. procurement issues), and external (Covid-19) delays, it has made important progress on some key outputs, particularly in relation to Component 1, and can be expected to deliver more of its expected results. However, to fully deliver on Component 2 and disseminate and scale up results (under Component 3) the project will need to better engage its partners and **requires a No Cost Extension of at least a year**. The project's objective to promote a wider multifunctional SFM approach will only be achieved if there is increased focus on adapting forestry management to meet CCM and socio-economic priorities, which requires a better understanding of climate impacts on Serbia's forests and measures to promote CCM are made a priority, and there is greater engagement with the non-state users of Serbia's forests.

## 4.2 Recommendations

242. Below are a set of the recommendations the MTR believes will improve performance and impact of the project. More detail on each recommendation is given in the main text. This document also contains a number of suggestions (**in bold**) that the MTR believes would also improve project delivery but which are seen as less critical.

243. Unless otherwise stated, the recommendations are directed to the PMU, FAO (REU and HQ) and MAFWM-DF in the first instance. The project's Steering Committee is considered the project's highest decision-making body and its approval would be needed for the implementation of any of the recommendations below.

### Recommendation 1 - Increase focus on CCM activities in project

244. *Issue:* The project has given relatively little attention to measures for managing forests for CCM, even though CCM represents over USD 1.5 million of the GEF funding, the single biggest allocation of the GEF funding. Up to December 2020, USD 800,605 of the CCM budget had been spent but the only tangible deliverables are a 1-page on guidance on forestry management for CCM and the project's MRV report, which do not represent value for money. Consequently, the project needs to increase the focus on CCM. There is a need for an urgent review of the impacts of predicted climate change (under different climate scenarios) on the forestry estate and forest sector in Serbia, including effects on timber, paper and biomass production, and harvesting of NTFPs by private forest owners and users, as well as on key

biodiversity such as Red List species. The consequences for management (e.g. CCM measures for different forest types and forest management regimes) need to be identified and fed into forestry strategy, policy and practice (Output 1.1.5) and inform the project activities to develop the FDPs (Output 2.1.2) and FMPs (Output 2.1.3). Unfortunately, there is no dedicated unit within the DF that deals with CCM (or CCA) measures for forestry management (or even a CC Unit within the parent MAFWM) so there is no institutional support available to the project on CCM.

*Recommended activities:*

- R1.1. **Undertake a review of likely impacts of CC on the forest estate in Serbia with a view to developing more detailed guidance on forest management for CCM aims.** This would help determine how to manage forests to improve forest carbon sequestration and guide managers in deciding which forest types should be planted to improve CCM in afforestation schemes (highlighted as an action in the National Climate Change Strategy) or following clear-cutting. **Activities could include assessment of the potential of different forest types for CCM under different harvesting regimes and different climate change scenarios, with production of maps of potential CC impact and CCM suitability for the project's two target regions. If possible, additional field sampling should be undertaken to improve estimation of below-ground forest carbon stocks<sup>39</sup>.**
- Responsibility: FAO and DF to organise a LoA with an independent research institution, and a contract with an international consultant input (this could be considered as part of co-financing contribution if provided through a project partner institution instead, e.g. Institute of Lowland Forestry and Environment which has particular expertise in the area of forests and climate change)
  - Timescale: May 2021 – October 2021
- R1.2. **Ensure that the project's forestry strategy and policy work (under Output 1.1.5), Forest Development Programmes (Output 2.1.2) and Forest Management Plans (2.1.3) are aligned with and reflect recommended measures in the draft National Climate Strategy and Action Plan (2019).**
- a. Responsibility: FAO and DF to organise a contract with a national consultant with experience of national climate change strategy, plans and actions
  - b. Timescale: April - July 2021
- R1.3. **Prepare follow-up plan to ensure the recommendations from the project's MRV review (Output 1.1.4) are integrated into the project's forestry strategy and policy review work (under Output 1.1.5), and data collection and monitoring systems into Forest Development Programmes (Output 2.1.2) and Forest Management Plans (2.1.3) as relevant**
- a. Responsibility: National consultant with MRV experience
  - b. Timescale: April - July 2021
- R1.4. **Expand the Guidelines on managing forests for CCM and CCA following international best practice, where possible for each forest type, and utilising results from recommendations (i), (ii) and (iii) above, and consider a separate Addendum on 'climate smart forest management'.** It is expected that the Guidelines will be incorporated into forestry regulations governing forest management planning in Serbia (under Output 1.1.5). Consequently, it is important that the Addendum is updated as soon as possible.
- Responsibility: Component 2 team / International CCM specialist
  - Timescale: Draft CCM Guidelines developed May 2021 – October 2021, updated after forest carbon data and analysis from recommendations (i) and (ii) become available
- R1.5. **Develop an awareness-raising/outreach programme on likely impacts of CC on forests and management for CCM (and CCA) measures targeted at forest forestry sector stakeholders (state and commercial) and rural communities (including PFOs/PFOAs)**
- Responsibility: Communication consultant with support of project teams for Components 1 and 2

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<sup>39</sup> If statistically robust it is suggested that 20-30 random soil samples are collected and analysed for soil carbon from the 20 forest types.

- Timescale: May – November 2021

- R1.6. **Establish project Climate Change Working Group (CCWG) to serve as advisory forum on CC issues to the project**, to help support project activities relating to CCM (and CCA), coordinate deliverables from recommendations i-v above, and raise the profile of the project. Given the Ministry of Environmental Protection has the principle responsibility for CCM issues within Government it is important that they are invited to participate in the proposed CCM WG. Consideration should be given to formalising and integrating the CCWG within the DF (which currently lacks specialist technical expertise on addressing CC/CCM/CCA issues) at the end of the project as part of the Final Evaluation).
- Responsibility: MAFWM-DF as the project's executing partner, with membership to include wide group of stakeholders, including PFOAs, Institutes of Nature Conservation, Rural Development and Agriculture, Water Management, Government Units involved in climate change issues. Alternatively, the project CCWG could be hosted and led by the Institute of Lowland Forestry and Environment in Novi Sad as it has the required technical expertise and experience in climate change impacts on forests.
  - Timescale: Established May 2021, with 3-monthly meetings for duration of project

## **Recommendation 2 - Optimise involvement of PFOs and PFOAs in project**

245. *Issue:* The MTR recognises that it is not possible to include a significant or even representative number of PFOs in the project due to the large number of owners (800,000+). Nevertheless, privately owned forest lands account for almost 50% of the forest estate in Serbia, private forest users derive a wide range of socio-economic benefits from their forests, and the project aims to promote a wider vision of multifunctional SFM that includes 'socio-economic concerns'. Consequently, the project needs to find ways to support multifunctional SFM among PFOs and ensure greater engagement of PFOs or their Associations in project activities, especially capacity building opportunities (training, lesson learning, knowledge sharing). The involvement of representatives of one of the existing associations would give a positive signal to the associations that their initiatives aimed at association have been recognized and supported. This group should also include representatives of Church Forests.

### *Recommended activities:*

- R2.1. **Ensure a minimum number of representatives from selected PFOAs attend training and awareness-raising events** (so they can reach more PFOs than just inviting individual PFOs) and provide funding to cover costs of their participation to ensure no one is excluded due to financial barrier. A special effort should be made to ensure full representation by women.
- Responsibility: PMU
  - Timescale: For project duration.
- R2.2. **Set up demonstrations to promote the sustainable management of NTFPs to PFOs/PFOAs in a selection of the 16 SFM demonstration plots** under Component 2. It is suggested that at least some the demonstration sites chosen should be close to areas where a PFOA is registered<sup>40</sup>. Several PFOAs are known to be active in Western Serbia and Vojvodina and resources need to be made available to ensure they can participate in training opportunities offered through the demonstration plots. In addition, the project should aim to develop at least one FMP that includes forest under a PFOA.
- Responsibility: PMU and Component 2 team
  - Timescale: June 2021 – May 2022
- R2.3. Given importance of wood for fuel security and the local economy in communities in and around forest areas in Serbia, **undertake a study on wood fuel demand and supply in the two target regions of Serbia to define sustainable biomass production** (covering different forest types, sized patches, etc).

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<sup>40</sup> Establishing permanent plots in private forests without incentives/subsidies is likely to be difficult, so plots should be on state-owned land but with easy access by PFOs.



- Responsibility: Biomass consultant (national but probably also involve international)
- Timescale: June - September 2021

- R2.4. **Design proposal for separate follow on funding project for promoting SFM focused only on PFOs/PFOAs.** This should build on information collected through the current project (Dordevic-Milosevic (2019) study), seeking to extend the surveys of PFOs/PFOAs to gain a better understanding of needs and incentives to encourage greater sustainability in the use and management of forest resources by private forest owners and users.
- Responsibility: National consultant with experience of community level development and use of forests, PMU, FAO
  - Timescale: June – December 2021

### **Recommendation 3 - Improve partner participation in project activities and decision-making**

246. *Issue:* A significant number of partners listed in the Project Document have not been involved in any meaningful way to date even though several are significant contributors to project co-financing (contributing over USD 200,000). As a result the partnerships for this project needs to be re-examined and co-financing contributions reassessed. In addition, given the project's objective to promote multifunctional SFM the project's membership needs to be expanded beyond the current largely state forestry sector based institutions that have been involved to date.

#### *Recommended activities:*

- R3.1. **Develop a partnership and stakeholder strategy and plan which sets out who will be involved for the remainder of project, with roles and responsibilities, specific commitments/deliverables and timeline, budgets and co-financing contributions, agreed and clearly identified.** This should include re-examining the list of partners, stakeholders and co-financiers given in the Project Document and identify those that now need to be involved. Given the project objective is to 'promote multifunctional SFM' that considers (among other things) socio-economic concerns, the project needs to consider representation/inputs from stakeholders from the agriculture and rural development sectors, as well as private sector (non-state forestry) actors particularly the involvement of PFOs/PFOAs.
- Responsibility: PMU, MAFWM-DF and FAO-REU
  - Timescale: April 2021 - June 2021 (to be reported in next PIR/PPR)
- R3.2. **Expand membership of the project's Steering Committee and 'Working Groups' to reflect the new partnership arrangements,** e.g. with representatives from PFOAs and commercial forest sector, technical experts on biodiversity (from NCI), climate change mitigation (from Ministry of Environmental Protection, Department of Climate Change) and Statistical Office included on the SC, as well as the main project co-financiers including the Institute of Lowland Forestry and Environment and the Forest Technical High School Kraljevo. It is important that the Working Group addressing issues relating to forest management planning fully includes PE Vojvodinasume and PE Srbijasume, and an additional Working Group to address the integration of the new multi-functional SFM approach (and findings of the project) into forest policy and legislation (addressing Output 1.1.5) should be established.
- Responsibility: PMU, MAFWM-DF and FAO
  - Timescale: April 2021 - June 2021 (to be reported in next PIR/PPR)
- R3.3. **Recalculate co-financing contributions from partners, based on their actual involvement in, and contributions to, the project, and collect updated statements of co-financing contributions (these have been missing).** Also, there are other potential sources of co-financing that have been identified since the project was endorsed (leveraged co-financing), which should be considered, and included in co-financing reporting.
- Responsibility: PMU, MAFWM-DF and FAO
  - Timescale: April 2021 - June 2021 (to be reported in next PIR/PPR)

#### **Recommendation 4 - Improve communications and knowledge management on the project**

247. *Issue:* Project communications have been poor to date, both internally within the project team, as well as externally with partners, key stakeholders and the general public. For instance, the project has no social media presence, newsletter, and even lacks a project website, and the project is viewed as a technical forestry project. Given the project aims to promote multifunctional SFM and highlight the wider ecosystem services provided by Serbia's forests, the project's communication activities need to be greatly improved.

##### *Recommended activities:*

- R4.1. **Contract a communications consultant for the remainder of project to lead on the design and production of project communication/outreach materials**, guided by FAO REU and FAO HQ communications experts, and to lead on the review of any project reports, guidelines, etc to ensure effective communication to target audiences. The Communications Consultant is likely to be needed initially for 2 months to design the Communications and Knowledge Management Strategy and Plan and preliminary awareness-raising and outreach materials then on a regular (1-day /week?) basis until the final 3 months of the project when a greater input will be required for final workshop, presentation of results, and publications/reports, etc.
- Responsibility: PMU and FAO REU
  - Timescale: Contract to begin latest May 2021
1. **Develop a project Communications and Knowledge Management Strategy and Plan** that sets out key messages to be communicated (aims and activities of the project, target regions, stakeholders involved, progress on results, etc) and identifies the target audiences and appropriate media (social media, radio/TV, brochures/publications, press packs, 3-monthly project newsletter, etc) as well as roles and responsibilities of key individuals and partners, budgets and timeline. **The Plan should also establish a knowledge management system for the project to ensure effective use, storage, sharing and dissemination of project-generated results and knowledge and lessons learned** (following GEF guidance and progress on addressing Knowledge Management). Support and guidance for project Communications and Knowledge Management Strategy and Plan<sup>41</sup> and more generally on effective media outreach and development of communications materials should be sought from the communications specialists in FAO HQ (initially from the team in the FAO-GEF Coordination Unit).
- Responsibility: Communications Consultant and PMU, with guidance from Communications team at FAO HQ
  - Timescale: May 2021 – July 2021
- R4.2. **Establish project website and social media programme and design and distribute project communications/outreach materials** as identified in the Communications and Knowledge management Strategy and Plan. All project reports need to have a Serbian/English executive summary. An immediate product should be an attractive 2-page brochure on the project setting out its aims key aims, results, partners, funding, etc targeted at the general public.
- Responsibility: MAFWM, Communications Consultant and PMU, with support from Communications team at FAO HQ to promote project globally. The website should be established and hosted by MAFWM with the cost of the website being met from MAFWM-DF co-financing. This is important to ensure effective scaling up of project results and their sustainability once the project ends.
  - Timescale: May 2021 – End of Project
- R4.3. **Host final national workshop on 'multifunctional SFM including BD conservation, CCM and promoting socio-economic benefits' in final 3 months of project to present project results to partners, stakeholders and wider public**
- Responsibility: Communications Consultant and PMU

<sup>41</sup> Generic communication guidelines are also contained in the document 'Communication at Country Level - Guidelines for FAORs on preparing a Communication Strategy and Plan' available from the FAO HQ and FAO REU communications teams.

- Timescale: Last 6 months of the project
- R4.4. **Establish a regular project lesson learning process** (feeding into both Communications and M&E activities). This could form part of an annual project retreat led by an external facilitator
- Responsibility: PMU and Communications Consultant, with specialist input from international M&E consultant and FAO-GEF Coordination Unit
  - Timescale: May 2021 – End of Project
- R4.5. **Provide key project staff with a training course on ‘Effective communications’** to help improve the project team’s promotion of project results and key messages at national, regional and global levels. It is suggested that this includes the Project Coordinator (in Serbia), Operations Specialist (at FAO REU) and the Lead technical Officer (also at FAO REU).
- Responsibility: Project Coordinator and Operations Specialist with training provided through FAO-GEF Coordination Unit
  - Timescale: During the period May –December 2021
- R4.6. **Host regular team meetings (all Component teams – BD, NFI, forest management planning, IFIS - should be involved) to brief project team members and partners on progress and challenges to improve internal project communications.**
- Responsibility: PMU and Communications Consultant
  - Timescale: April 2021 – End of Project

## **Recommendation 5 – Grant project a 1-year No Cost Extension**

248. *Issue:* There have been significant delays to many aspects of the project, including lengthy procurement processes and the Covid-19 pandemic, and the project is very unlikely to be able deliver all its key results before the formal end of the project in December 2021 despite efforts by the project team to ‘catch up’ on delivery. To fully deliver and achieve maximum impact the project will require a one-year No Cost Extension (NCE), extending the formal closure of project to December 2022.

### *Recommended activities:*

- R5.1. **Prepare proposal for 1-year NCE identifying key activity sets and outputs that cannot be, or are unlikely to be, completed by December 2021**, with a clear rationale and justification for an extension for each output/activity set where considered necessary. **The NCE proposal should include measure to address the above recommendations (1-4).**
- Responsibility: PMU, MAFWM-DF and FAO REU
  - Timescale: Proposal by end of April 2021
- R5.2. **Present proposal for a NCE at the project’s April 2021 Steering Committee meeting for discussion and request formal approval by project partners<sup>42</sup>. Approval of the NCE should be conditional on the above four recommendations being incorporated into the revised work plan for the NCE, and satisfactory progress being made according to agreed milestones and targets for recommendations 1-4 above (monitored and reported on in 3-monthly reports and included in GEF PIR and FAO PPR reports).**
- Responsibility: Project partners (co-financiers), MAFWM-DF and FAO REU/FAO HQ
  - Timescale: Formal (written) approval by project partners FAO REU/FAO HQ by the end of May 2021

## **5. Lessons learned**

249. Given the project is being reviewed at the mid-term point and there have been significant delays in the delivery of a number of project activities and outputs few lessons relating to promotion of

<sup>42</sup> Although a No Cost Extension allows the use of the remaining GEF funds to be extended the additional time requested will incur additional co-financing costs from project partners, which needs to be agreed.

multifunctional SFM can be identified at this stage (this will be a focus for the Final Evaluation). However, four initial lessons can be identified related to designing and managing FAO-GEF projects.

- i. Roles and responsibilities among partners need to be clear and agreed at the start of project implementation (preferably sets out in a Partnership Strategy).
- ii. Sufficient time needs to be allowed to agree on how to implement project activities (how, who, with what, when, with what resources, etc) during the design phase, and preferably include an annex in the Project Document which details these which can be used a reference during the project's lifetime.
- iii. Indicators to measure progress of project outputs, outcomes and objectives, should be designed in a participatory fashion with national experts and not imposed by international consultants.
- iv. FAO needs to ensure that project teams are made fully familiar with FAO and GEF project management (including financial management) processes and procedures, and it is suggested that FAO-GEF Coordination Unit develop an 'FAO-GEF project management induction' package (with training element) for new project teams.

## **6. Annexes**

For annexes see separate document.